CITY OF FORNEY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED SEPTEMBER 30, 2015

ITERIM CITY MANAGER
CHARLES DANIELS

ASSISTANT CITY MANAGER
LEIGH CORSON

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CITY OF FORNEY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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INTRODUCTORY SECTION

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C I T Y O F F O R N E Y

February 25, 2015

Honorable Mayor and City Council
City of Forney
Forney, Texas

Dear Mayor and Council Members,

The Comprehensive Annual Financial Report ("CAFR") of the City of Forney, Texas, for the year ended September 30, 2015, is submitted herewith.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Pattillo, Brown & Hill, LLP., have issued an unqualified ("clean") opinion on the City of Forney's financial statements for the year ended September 30, 2015. The independent auditor's report is located in the beginning of the financial section of the CAFR.

This letter of transmittal is designed to compliment Management's Discussion and Analysis ("MD&A") and should be read in conjunction with it. The City's MD&A can be found immediately following the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements.

General Information – City of Forney

The City of Forney ("City") was incorporated in 1910 and currently has an estimated population of 16,800. The City operates as a Home Rule City, under a Council-Manager form of government with the Mayor and six Council members elected at large.

The City's major operations include police and fire protection, planning, building inspections, finance, parks and recreation, public works, and general administrative services. In addition, the City owns and operates a water and sewer system.

Economic Conditions and Outlook

Forney, Texas is one of the fastest growing communities in the DFW area. Strategically located between Highway 80 and Interstate 20, population has increased 225% in the last decade.

101 E. Main Street. ★ P.O. Box 826 ★ Forney, Texas 75126 ★ 972.564.7300 ★ cityofforney.org

Despite the population explosion, the city has managed to maintain a vibrant, family-centered lifestyle and community leaders carefully weigh growth opportunities against quality of life issues and sustainability. The City continues to work with developers to expand and diversify available retail opportunities with the Forney Marketplace and Gateway developments.

Economic conditions continue to present challenges in budget development and forecasting. However, moderate growth continues in several key indicators. Sales tax continues to trend upward and ended the year with a 10.21% increase over the previous year's collections. New construction remains very active. These factors coupled with planned projects scheduled to begin in the near future, cause us to remain optimistic regarding Forney's future opportunities.

Major Initiatives

The City Council has identified Strategic Plan Objectives, and most of the major initiatives are directly related to those objectives. Major initiatives for 2015 focused on improving understanding and communication by hiring a Public Information Officer, as well as launching a new website and adding a mobile application to allow citizen feedback. Other major initiatives included expanding parks and recreation opportunities by maximizing amphitheater opportunities through additional concert events and developing a plan for facility rental. Additionally, design of the new Animal Shelter and Fire Station #2 continued.

Accounting Procedures and Budgetary Controls

The City's accounting records for general government are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's water and sewer utility and other proprietary activities are maintained on the accrual basis.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City Manager's Office, and expenditure estimates by each City department. Budgets are reviewed by the City Manager who makes final decisions and submits a recommended budget to the City Council.

As part of each year's budget development process, departments are required to update expenditure estimates for the current fiscal year. These estimates are reviewed by the City Manager's Office and the City Council concurrent with review of the proposed budget. The re-estimated budget may require a supplemental appropriation and, if so, such supplemental appropriation is approved by ordinance adopted by the City Council prior to the end of the current fiscal year.

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In an effort to stay within budget, the budget analyst reviews expenses weekly and provides each department head their departments expense report. Each department head reviews their reports and directs any questions to the budget analyst for further review. The budget analyst also provides the City Manager's Office and City Council with a monthly summary budget report. The Director of Finance also presents a detailed quarterly report to the City Council.

General Government Functions

Tax Rates: All eligible property within the City is subject to assessment, levy, and collection by the City of a continuing, direct ad valorem tax sufficient to provide for the payment of principal and interest on outstanding bonds within the limits prescribed by law, and the payment of operation and maintenance costs as approved by the City Council. The City's tax rate history as adopted by the City Council is shown below:

Fiscal Year	Tax Rate
2010-2011	0.707290
2011-2012	0.743098
2012-2013	0.749020
2013-2014	0.749020
2014-2015	0.723486
2015-2016	0.698483

Other Information

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded Certificate of Achievement for Excellence in Financial Reporting to the City of Forney for its comprehensive annual financial report for the fiscal year ended September 30, 2014. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it the GFOA to determine eligibility of another certificate.

Certificate of Recognition for Budget Preparation

The Government Finance Officers Association of the United States and Canada ("GFOA") presented a Distinguished Budget Presentation Award to the City of Forney for its annual budget for the Fiscal Year beginning October 1, 2014. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

Acknowledgements

Many persons are responsible for the preparation of this report, and for the maintenance of records upon which it is based. Appreciation is expressed to the City employees throughout the organization, especially those employees of the Finance Department who were instrumental in the successful completion of this report.

Our appreciation is also extended to the Mayor and City Council for providing the resources necessary to maintain the integrity of the City's financial affairs.

Respectfully submitted,

Deborah Woodham
Director of Finance

Government Finance Officers Association

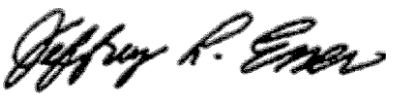
Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Forney Texas

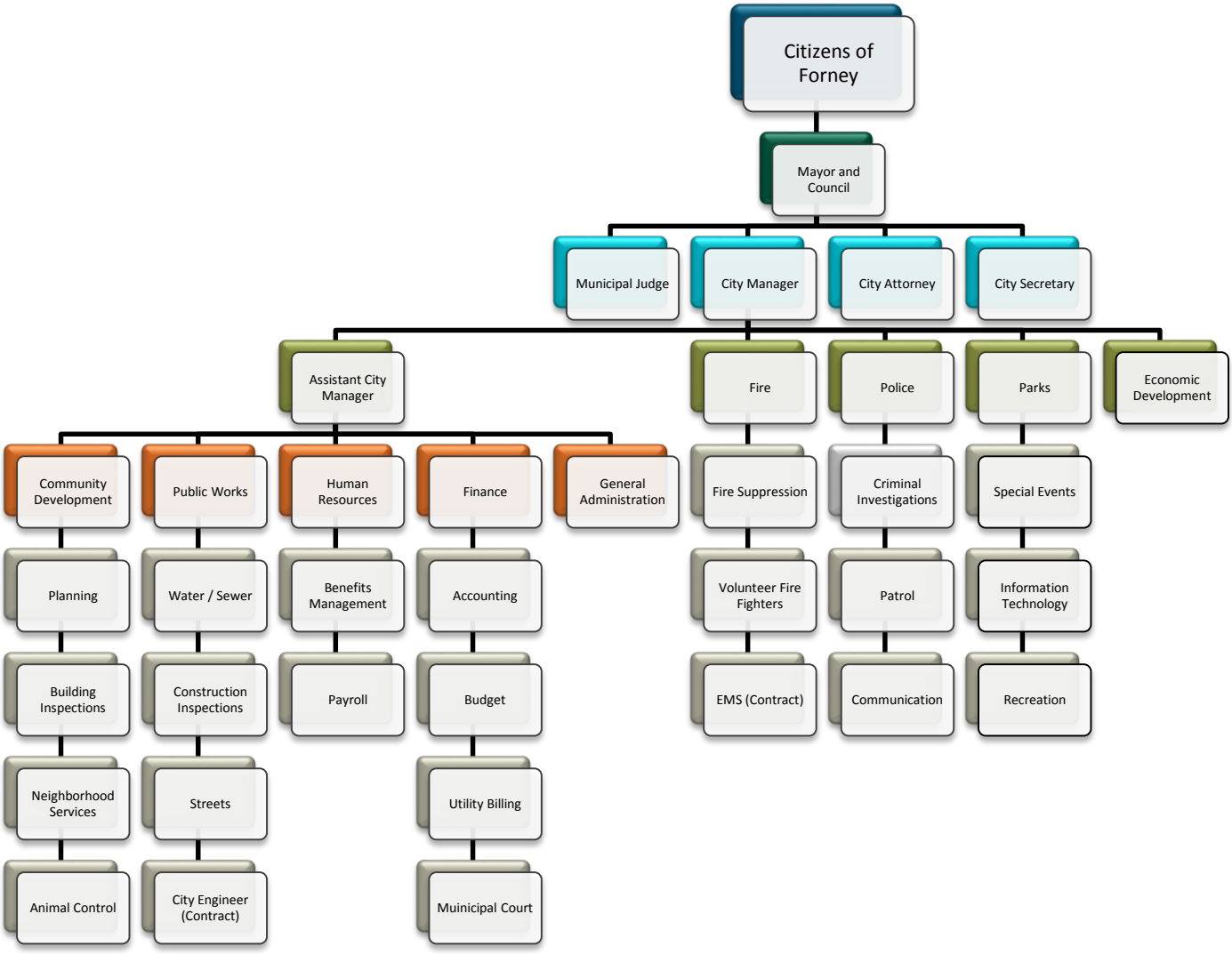
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014



Executive Director/CEO

City Organization Chart



CITY OF FORNEY, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

HOME RULE, COUNCIL-MANAGER FORM OF GOVERNMENT

Rick Wilson
MAYOR

CITY COUNCIL

Cory McGee	Place 1
Ray Stephens	Mayor Pro Tem and Place 2
Robbie Powers	Place 3
Scott Regan	Place 4
Mary Penn	Place 5
David Johnson	Place 6

Charles Daniels
INTERIM CITY MANAGER

Leigh Corson
ASSISTANT CITY MANAGER

Deborah Woodham
DIRECTOR OF FINANCE

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FINANCIAL SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Forney, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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AICPA
Governmental Audit Quality Center

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Forney, Texas, as of September 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Texas Municipal Retirement System Funding Progress and Contributions on pages 4 through 13 and pages 51-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Forney, Texas' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2016, on our consideration of the City of Forney, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Forney, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 26, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Management's Discussion and Analysis

As management of the City of Forney (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. We encourage readers to read the information presented here in conjunction with additional information that we have furnished the City's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by $63,435,240 (net position). Of this amount, $12,901,298 of (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- The City's total net position increased by $6,097,313, excluding prior period adjustments, due to an increase in business-type activities net position largely due to an increase in water sales.

- At the end of the current fiscal year, the City's governmental funds reported combined fund balances of $21,562,595, an increase of $6,194,737 or 40%, in comparison with the prior year. The majority of this increase is due to the issuance of long-term debt. Approximately 12% of this total amount, or $2,690,964, is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance for the General Fund of $2,690,964 was 22% of total General Fund expenditures for the fiscal year.

- The City's total bonded debt decreased by ($1,323,434), or 2%, during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic Financial Statements

The first two statements (pages 14-16) in the basic financial statements are the government-wide financial statements. They provide both short and long-term information about the City's financial status.

The next statements (pages 17-25) are fund financial statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the proprietary fund statements; and 3) the fiduciary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, required supplemental information is provided to show details about the City's pension plan.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The statement of net position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both the government-wide financial statements include not only the City itself, known as the primary government), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales tax and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the utility services offered by the City. The final category is the component unit.

The government-wide financial statements are on pages 14-16 of this report.

Fund financial statements — The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The fund financial statements for governmental funds, proprietary funds, and fiduciary funds can be found in the financial section of this report.

Governmental funds — Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and Roadway Impact Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the supplementary information. The governmental fund financial statements can be found on pages 17-21 of this report.

The City adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the City Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary funds — The City of Forney has one type of proprietary fund which is the Utility Fund. The City charges customers for the services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Utility Fund. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Fiduciary funds — Fiduciary funds are used to account for amounts held on behalf of others by the City as a trustee, or fiduciary. The City is the trustee, or fiduciary, for certain amounts held on behalf of developers. All of the City's fiduciary activities are reported in a separate Statements of Fiduciary Assets and Liabilities. The activities of this fund are excluded from the City's other financial statements because the City cannot use these assets to finance its' operations. The City is responsible for ensuring that the assets reported in this fund are used for their intended purpose.

The fiduciary funds financial statements can be found on page 25.

Notes to the financial statements — The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 26-51 of this report.

Other Information — In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

The combining statements referred to earlier in connection with the non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining statements and individual fund statements can be found on pages 53-59 of this report.

CITY OF FORNEY'S NET POSITION

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Current and other assets	$ 51,533,102	$ 48,871,653	$ 18,895,559	$ 16,131,568	$ 70,428,661	$ 65,003,221
Capital assets	54,966,478	54,654,703	15,016,506	14,411,059	69,982,984	69,065,762
Total assets	106,499,580	103,526,356	33,912,065	30,542,627	140,411,645	134,068,983
Deferred outflow of resources	1,083,013	-	165,670	-	1,248,683	-
Long-term liabilities outstanding	69,461,016	65,962,337	6,599,150	6,607,806	76,060,166	72,570,143
Other liabilities	1,152,917	764,148	1,012,005	787,938	2,164,922	1,552,086
Total liabilities	70,613,933	66,726,485	7,611,155	7,395,744	78,225,088	74,122,229
Net position:						
Net investment, in capital assets	24,513,186	22,504,650	8,875,498	7,854,647	33,388,684	30,359,297
Restricted	14,380,773	9,293,408	2,764,485	2,567,839	17,145,258	11,861,247
Unrestricted	(1,925,299)	5,001,813	14,826,597	12,724,397	12,901,298	17,726,210
Total net position	$ 36,968,660	$ 36,799,871	$ 26,466,580	$ 23,146,883	$ 63,435,240	$ 59,946,754

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The net position of the City of Forney exceeded liabilities by $63,435,240 as of September 30, 2015. The City's net position increased by $6,097,313, excluding prior period adjustments for fiscal year ended September 30, 2015.

Net Investment in Capital Assets – The largest portion of the City's net position, 53%, reflects the City's net investment in capital assets (e.g., land, buildings, machinery and equipment) less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The increase of $3,029,387 is largely due to current year depreciation.

Restricted Net Position – The restricted net position of $17,145,258, or 27% of total net position represents resources that are subject to external restrictions or their use, or by enabling legislation. Restricted net position is comprised of state imposed restrictions; namely 27% impact fees, 55% of courts fees and hotel taxes and 17% contractual obligations for debt from property taxes.

Unrestricted Net Position – Unrestricted net position of $12,901,298 is available to fund City programs to citizens and obligations to creditors.

CHANGES IN NET POSITION

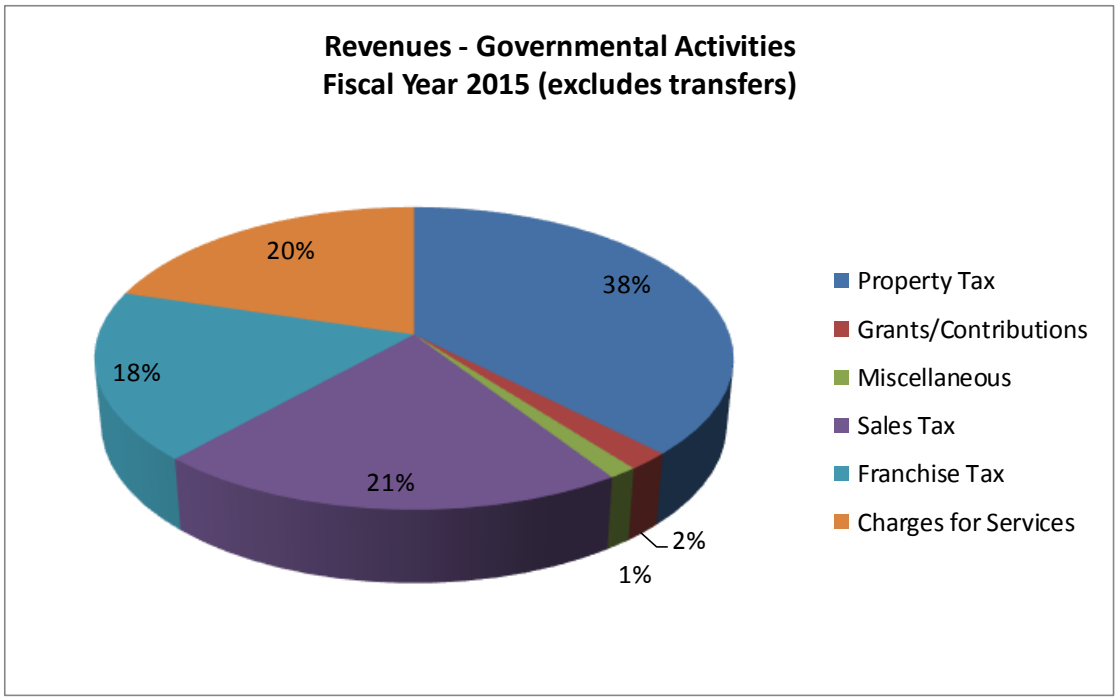
	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	$ 4,106,251	$ 1,670,134	$ 13,506,550	$ 11,525,477	$ 17,612,801	$ 13,195,611
Operating grants and contributions	348,145	340,391	-	-	348,145	340,391
Capital grants and contributions	33,317	37,000	-	-	33,317	37,000
General revenues:						
Property taxes	7,627,533	7,289,819	-	-	7,627,533	7,289,819
Franchise taxes	3,653,796	3,717,733	-	-	3,653,796	3,717,733
Sales taxes	4,212,896	3,839,949	-	-	4,212,896	3,839,949
Other taxes	38,333	41,273	-	-	38,333	41,273
Investment income	155,264	51,115	48,010	31,350	203,274	82,465
Miscellaneous	59,995	56,497	403,669	4,509	463,664	61,006
Total revenues	20,235,530	17,043,911	13,958,229	11,561,336	34,193,759	28,605,247
Expenses:						
General government	3,608,223	5,050,743	-	-	3,608,223	5,050,743
Public safety	8,024,153	6,303,710	-	-	8,024,153	6,303,710
Public works	1,342,998	1,655,935	-	-	1,342,998	1,655,935
Public services and operations	714,490	694,924	-	-	714,490	694,924
Parks and recreation	1,365,528	1,699,022	-	-	1,365,528	1,699,022
Interest on long-term debt	3,157,842	3,105,300	-	-	3,157,842	3,105,300
Utilities	-	-	9,883,212	9,208,184	9,883,212	9,208,184
Total expenses	18,213,234	18,509,634	9,883,212	9,208,184	28,096,446	27,717,818
Increases in net position before transfers and extraordinary item (expense)	2,022,296	(1,465,723)	4,075,017	2,353,152	6,097,313	887,429
Transfers	458,247	601,333	(458,247)	(601,333)	-	-
Increase (decrease) in net position	2,480,543	(864,390)	3,616,770	1,751,819	6,097,313	887,429
Net position, beginning	36,799,871	37,514,261	23,146,883	21,395,064	59,946,754	58,909,325
Prior period adjustments	(2,311,754)	150,000	(297,073)	-	(2,608,827)	150,000
Net position, beginning, as restated	34,488,117	37,664,261	22,849,810	21,395,064	57,337,927	59,059,325
Net position, ending	$ 36,968,660	$ 36,799,871	$ 26,466,580	$ 23,146,883	$ 63,435,240	$ 59,946,754

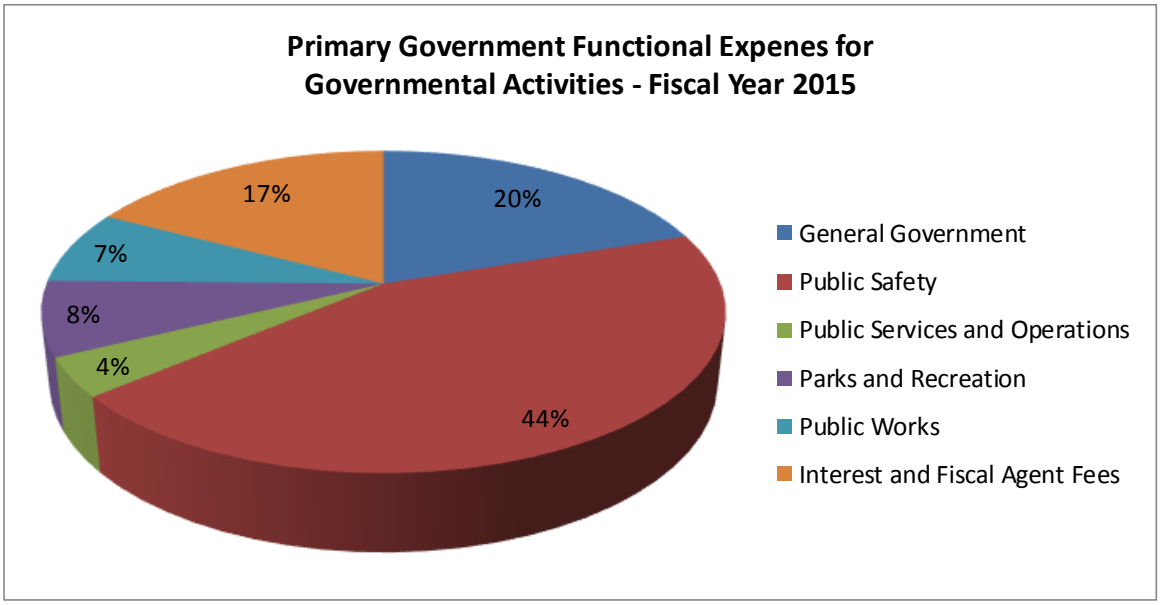
Governmental activities increase in net position before transfers and extraordinary expense increased by $2,022,296 , primarily due to an increase in sales tax revenue.

Business-type activities increased net position before transfers and extraordinary expense, by $4,075,017. This is due to an increase in wholesale water rates. Also, due to the increase in expenses, the percentage of revenues over expenses increased 106% compared to the prior year.

Governmental-type activities – Governmental-type activities, increased the City's net position by $2,480,543 . A key element of this decrease is as follows:

General government expenses decreased $1,553,358 and public works expenses decreased $312,937 compared to the prior fiscal year. Additionally, governmental activities charges for services increased $2,436,117.





Business-type activities – Business type activities increased the City of Forney's net position by $3,616,770, excluding prior period adjustments.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Forney uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds – The focus of the City of Forney's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Specifically, unassigned fund balance may serve as a useful measure of the city's net resources available for discretionary use as they represent the portion of fund balance which has not been limited to use for a particular purpose by either an external party, the city itself, or a group or individual authorized by the governing body to assign resources for a particular purpose.

At the close of the current fiscal year, the governmental funds reported combined ending fund balances of $21,562,595, an increase of $6,194,737 , or 40% in comparison with the prior year. The components of total fund balances are as follows:

Restricted fund balances of $15,687,997 consist of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. Obligations for bonded debt is $4,299,472, or 27%, and debt proceeds for capital expenditures of $9,310,332, or 59%, account for the majority of restricted fund balances. Restrictions imposed by legislation amounts to $2,078,193 or 13%.

Committed fund balance of $50,566 is for the police department as imposed by City Council for specific purposes.

Assigned fund balance of $3,133,068 is for special projects as imposed by City Council or City Management for specific purposes.

Unassigned fund balance of $2,690,964 represents the residual classification for the City's General Fund.

As a measure of the General Fund's liquidity, it is useful to compare fund balance to total General Fund expenditures. Total fund balance equates to 49% of total General Fund expenditures.

Significant changes in fund balances of major funds are as follows:

The General Fund's fund balance increased by $119,345 or 2%, due to the increase in franchise and sales tax revenue.

The Debt Service Fund's fund balance decreased by $5,388, or 0%, due to an increase in principal and interest payments compared to the prior year.

The Roadway Impact Fund's fund balance increased by $150,052, or 9%, due to the decrease in expenditures when compared to the prior year.

The Capital Projects Fund's fund balance increased by $5,967,510 , or 179%, due to the sale of property.

Proprietary Funds –

The City of Forney's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the proprietary funds at the end of the fiscal year amounted to $14,826,597.

General Fund Budgetary Highlights

During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts mainly in the areas of sales tax and license and permit revenues. Expenditures were less than budgeted amounts primarily in the area of public safety.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets—The City's investment in capital assets for its governmental and business-type activities as of September 30, 2015, amounted to $69,982,984 (net of accumulated depreciation). These assets include land, buildings, improvements, machinery and equipment, vehicles and construction in progress. This amount represents a net increase (including additions and deductions) or $917,222 (net of accumulated depreciation) from the prior fiscal year.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Design of fire station #2
- Vehicle purchases
- IT equipment purchases
- Parks equipment purchases

CITY OF FORNEY'S CAPITAL ASSETS AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
Land	$ 4,611,448	$ 4,611,448	$ 703,953	$ 703,953	$ 5,315,401	$ 5,315,401
Infrastructure	29,775,406	30,837,576	12,471,551	12,993,673	42,246,957	43,831,249
Buildings and improvements	13,661,647	14,102,174	-	-	13,661,647	14,102,174
Machinery and equipment	3,263,545	3,627,353	248,984	250,748	3,512,529	3,878,101
Construction in progress	3,654,432	1,476,152	1,592,018	462,685	5,246,450	1,938,837
Total	$ 54,966,478	$ 54,654,703	$ 15,016,506	$ 14,411,059	$ 69,982,984	$ 69,065,762

More detailed information about fixed assets is presented on pages 38-39 in the notes to the financial statements.

CITY OF FORNEY'S OUTSTANDING BONDS AND NOTES PAYABLE AT YEAR-END

	Governmental Activities		Business-type Activities		Totals	
	2015	2014	2015	2014	2015	2014
General obligation bonds and certificates of obligation	$ 34,805,000	$ 32,413,588	$ 6,100,000	$ 6,556,412	$ 40,905,000	$ 38,970,000
Pass-through toll revenue and limited tax bonds	29,680,000	32,895,000	-	-	29,680,000	32,895,000
Notes payable	233,813	277,247	-	-	233,813	277,247
Total	$ 64,718,813	$ 65,585,835	$ 6,100,000	$ 6,556,412	$ 70,818,813	$ 72,142,247

The City's long term debt decreased by ($1,323,434) due to payments made throughout the year. More detailed information about the long-term obligations is presented on pages 40-43 in the notes to the financial statements.

ECONOMIC FACATORS AND NEXT YEAR'S BUDGETS AND RATES

Although the economy is the primary factor, the City's elected and appointed officials considered many factors when setting the fiscal year 2016 budget, tax rates, and fees that will be charged for the business-type activities. The financial forecast presented to the City Council projects an decrease in the General Fund revenues of $128,679, or 1.00%.

Assessed property values grew approximately 9.7% for 2015 which will increase property tax revenue in the upcoming budget for secured and unsecured property taxes to be collected in FY2016. The property tax rate for fiscal year 2016 decreased from the year 2015 to $0.698483 per $100 assessed value.

The FY 2016 budget includes an 8% increase in General Fund expenditures. These increased costs include a staffing increase of three full-time equivalents. However, the largest increase is due to increasing employee benefit costs. Health insurance premiums are expected to increase 15% and the City's retirement contribution will increase by 17%.

North Texas Municipal Water District has indicated that they will impose an 11% increase in water purchases and a 13% increase in sewage treatment. However, the budget assumes no rate increase for end users. At this time, it appears that revenues are sufficient to cover operating expenses and the rate increase can be absorbed.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need additional information, contact the Finance Division, City of Forney, P.O. Box 826, Forney, Texas 75126-0826.

BASIC
FINANCIAL STATEMENTS

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CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Forney EDC
ASSETS				
Cash and cash equivalents	$ 16,533,802	$ 7,044,810	$ 23,578,612	$ 2,266,605
Investments	1,424,743	4,274,225	5,698,968	-
Receivables (net of allowances for uncollectibles)				
Taxes receivable	841,331	-	841,331	305,499
Accounts receivable	188,267	1,920,111	2,108,378	150
Intergovenment receivable	28,997,337	-	28,997,337	-
Internal balances	(2,135,504)	2,135,504	-	-
Restricted assets:				
Cash and investments	5,683,126	3,520,909	9,204,035	22,861
Capital assets, not being depreciated	8,265,880	2,295,971	10,561,851	1,098,223
Capital assets, being depreciated, net	46,700,598	12,720,535	59,421,133	491,977
Total assets	106,499,580	33,912,065	140,411,645	4,185,315
DEFERRED OUTFLOW OF RESOURCES				
Deferred loss on bond refunding	210,761	53,582	264,343	-
Deferred resource outflow - TMRS	872,252	112,088	984,340	18,247
Total deferred outflow of resources	1,083,013	165,670	1,248,683	18,247
LIABILITIES				
Accounts payable	567,884	611,779	1,179,663	199,073
Accrued liabilities	157,747	10,802	168,549	1,394
Due to other governments	39,114	6,442	45,556	159,447
Unearned revenue	-	39,522	39,522	-
Accrued interest payable	388,172	24,451	412,623	11,532
Customer deposits	-	319,009	319,009	-
Noncurrent liabilities:				
Due within one year	3,612,187	543,211	4,155,398	23,378
Due in more than one year	65,848,829	6,055,939	71,904,768	2,453,738
Total liabilities	70,613,933	7,611,155	78,225,088	2,848,562
NET POSITION				
Net investment in capital assets	24,513,186	8,875,498	33,388,684	360,399
Restricted:				
Use of impact fees	1,892,343	2,764,485	4,656,828	-
Debt service	2,992,248	-	2,992,248	-
Municipal court use	114,180	-	114,180	-
Capital improvements	9,310,332	-	9,310,332	-
Hotel tax use	71,670	-	71,670	-
Unrestricted	(1,925,299)	14,826,597	12,901,298	994,601
Total net position	$ 36,968,660	$ 26,466,580	$ 63,435,240	$ 1,355,000

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Function/Program Activities	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Primary Government				
Governmental activities:				
General government	$ 3,608,223	$ 282,119	$ -	$ -
Public safety	8,024,153	512,794	348,145	-
Public services and operations	714,490	-	-	-
Parks and recreation	1,365,528	37,748	-	-
Public works	1,342,998	3,273,590	-	33,317
Interest on long-term debt	3,157,842	-	-	-
Total governmental activities	18,213,234	4,106,251	348,145	33,317
Business-type activities:				
Utility fund	9,883,212	13,506,550	-	-
Total Business-type activities	9,883,212	13,506,550	-	-
Total primary government	28,096,446	17,612,801	348,145	33,317
Component unit:				
Economic Development Corporation	1,735,193	437,532	-	-
Total Component unit	$ 1,735,193	$ 437,532	$ -	$ -

General revenues:
- Property taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Miscellaneous
- Investment income

Transfers

Total general revenues

Change in net position

Net position -- beginning

Prior period adjustment

Net position -- ending

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	EDC
$(3,326,104)	$ -	$(3,326,104)	$ -
(7,163,214)	-	(7,163,214)	-
(714,490)	-	(714,490)	-
(1,327,780)	-	(1,327,780)	-
1,963,909	-	1,963,909	-
(3,157,842)	-	(3,157,842)	-
(13,725,521)	-	(13,725,521)	-
-	3,623,338	3,623,338	-
-	3,623,338	3,623,338	-
(13,725,521)	3,623,338	(10,102,183)	-
-	-	-	(1,297,661)
-	-	-	(1,297,661)
7,627,533	-	7,627,533	-
4,212,896	-	4,212,896	1,433,120
3,653,796	-	3,653,796	-
38,333	-	38,333	-
59,995	403,669	463,664	182,063
155,264	48,010	203,274	857
458,247	(458,247)	-	-
16,206,064	(6,568)	16,199,496	1,616,040
2,480,543	3,616,770	6,097,313	318,379
36,799,871	23,146,883	59,946,754	1,084,982
(2,311,754)	(297,073)	(2,608,827)	(48,361)
$ 36,968,660	$ 26,466,580	$ 63,435,240	$ 1,355,000

CITY OF FORNEY, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	Roadway Impact Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 8,660,976	$ 1,065,830	$ -	$ 6,806,996	$ -	$ 16,533,802
Investments	-	-	-	1,424,743	-	1,424,743
Restricted cash and investments	114,860	3,258,107	1,892,343	346,131	71,685	5,683,126
Taxes receivable, net	787,185	54,146	-	-	-	841,331
Due from other governments	-	28,997,337	-	-	-	28,997,337
Accounts receivable	188,267	-	-	-	-	188,267
Due from other funds	-	-	-	784,855	-	784,855
Total assets	9,751,288	33,375,420	1,892,343	9,362,725	71,685	54,453,461
LIABILITIES						
Accounts payable	515,491	-	-	52,393	-	567,884
Accrued salaries and wages	157,747	-	-	-	-	157,747
Due to other funds	2,920,359	-	-	-	-	2,920,359
Due to other governments	39,114	-	-	-	-	39,114
Accrued interest payable	-	32,948	-	-	-	32,948
Total liabilities	3,632,711	32,948	-	52,393	-	3,718,052
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	129,814	29,043,000	-	-	-	29,172,814
Total deferred inflows of resources	129,814	29,043,000	-	-	-	29,172,814
FUND BALANCES						
Restricted for:						
Debt service	-	4,299,472	-	-	-	4,299,472
Use of impact fees	-	-	1,892,343	-	-	1,892,343
Capital improvements	-	-	-	9,310,332	-	9,310,332
Municipal court use	114,180	-	-	-	-	114,180
Hotel/motel	-	-	-	-	71,670	71,670
Assigned for:						
General reserve	3,133,053	-	-	-	-	3,133,053
Trust Community Benefit	-	-	-	-	15	15
Committed for:						
Police	50,566	-	-	-	-	50,566
Unassigned:	2,690,964	-	-	-	-	2,690,964
Total fund balances	5,988,763	4,299,472	1,892,343	9,310,332	71,685	21,562,595
Total liabilities, deferred inflows, and fund balances	$ 9,751,288	$ 33,375,420	$ 1,892,343	$ 9,362,725	$ 71,685	$ 54,453,461

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	$	21,562,595
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		54,966,478
Revenue reported as unearned revenue in the governmental fund financial statements was recorded as revenue in the government-wide financial statements		29,172,814
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(	65,781,705)
Premiums and discounts on issuance of debt were not recognized on the balance sheet for governmental funds.		173,655
Accrued liabilities for compensated absences have not been reflected in the fund financial statements.	(	470,716)
Interest is accrued on outstanding debt in the government-wide financial statements, whereas in the governmental fund financial statements, an expenditure is reported when due.	(	355,224)
Long-term liabilities (net pension liability, compensated absences, bonds, and retainage payable) are not due and payable in the current period and therefore are not reported in the funds. Also, the loss on refunding of bonds, the premium on issuance of bonds and deferred resource outflows (inflows) related to the net pension liability are not reported in the funds.	(	2,299,237)
Net position of governmental activities	$	36,968,660

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	General Fund	Debt Service Fund	Roadway Impact Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Property taxes	$ 3,508,247	$ 4,136,140	$ -	$ 47,876	$ -	$ 7,692,263
Beverage taxes	38,333	-	-	-	-	38,333
Sales taxes	4,212,896	-	-	-	-	4,212,896
Hotel/motel taxes	-	-	-	-	99,404	99,404
Franchise taxes	3,653,796	-	-	-	-	3,653,796
Licenses and permits	542,322	-	-	-	-	542,322
Intergovernmental revenues	334,412	3,901,756	-	-	-	4,236,168
Charges for services	633,838	-	-	2,441,462	-	3,075,300
Impact fees	-	-	148,851	-	-	148,851
Fines	222,886	-	-	-	-	222,886
Investments earnings	135,322	2,754	1,201	15,987	-	155,264
Contributions and donations, private sources	23,817	-	-	-	-	23,817
Miscellaneous	75,669	-	-	-	1,814	77,483
Total revenues	13,381,538	8,040,650	150,052	2,505,325	101,218	24,178,783
EXPENDITURES						
Current:						
General government	3,001,859	-	-	-	80,000	3,081,859
Public safety	6,186,164	-	-	-	-	6,186,164
Public works	1,102,351	-	-	25,865	-	1,128,216
Public services and operations	647,572	-	-	-	-	647,572
Culture and recreation	1,151,393	-	-	-	-	1,151,393
Library	67,380	-	-	-		67,380
Debt services:						
Bond principle	-	5,083,913	-	-	-	5,083,913
Interest	-	2,763,979	-	-	-	2,763,979
Bond issuance costs	-	259,160	-	-	-	259,160
Advance refunding escrow	-	232,406	-	-	-	232,406
Capital outlay	-	-	-	3,152,480	-	3,152,480
Total exependitures	12,156,719	8,339,458	-	3,178,345	80,000	23,754,522
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,224,819	(298,808)	150,052	(673,020)	21,218	424,261
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	15,680,000	-	-	-	15,680,000
Payments to escrow agents	-	(11,757,415)	-	-	-	(11,757,415)
Premium (dicount) on sale of bonds	-	1,357,198	-	-	-	1,357,198
Transfers in	576,100	50,293	-	6,619,289	-	7,245,682
Transfers out	(1,692,779)	(5,036,656)	-	-	(58,000)	(6,787,435)
Proceeds from the sale of capital assets	11,205	-	-	-	-	11,205
Insurance recoveries	-	-	-	21,241	-	21,241
Total other financing sources (uses)	(1,105,474)	293,420	-	6,640,530	(58,000)	5,770,476
NET CHANGE IN FUND BALANCE	119,345	(5,388)	150,052	5,967,510	(36,782)	6,194,737
FUND BALANCE - BEGINNING	5,869,418	4,304,860	1,742,291	3,342,822	108,467	15,367,858
FUND BALANCE - ENDING	$ 5,988,763	$ 4,299,472	$ 1,892,343	$ 9,310,332	$ 71,685	$ 21,562,595

The accompanying notes are an integral part of these financial statements.

CITY OF FORNEY, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Net change in fund balances - total governmental funds:	$	6,194,737
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		2,462,548
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.	(	2,147,639)
Current year long-term debt principal payments on contractual obligations, bonds payable and capital leases are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.		5,083,913
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		21,196
Premiums, discounts and deferred losses on refunding are recognized in the fund financial statements as other and shown as an increase in financial resources. In the government-wide financial statements, the gain or loss is calculated and reported.	(	121,751)
Current year changes in long-term liabilities for compensated absences do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.	(	14,629)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the fund financial statements.	(	3,943,253)
Certain pension expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows and inflows related to the pension liability were amortized.		30,080
Change in net position - statement of activities	$	2,480,543

The accompanying notes are an integral part of these financial statements.

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CITY OF FORNEY, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	$ 3,458,511	$ 3,506,000	$ 3,508,247	$ 2,247
Beverage taxes	32,200	38,333	38,333	-
Sales taxes	3,916,783	4,119,363	4,212,896	93,533
Franchise taxes	3,525,000	3,545,000	3,653,796	108,796
Licenses and permits	563,900	498,900	542,322	43,422
Intergovernmental revenues	145,000	329,412	334,412	5,000
Charges for services	406,133	664,926	633,838	(31,088)
Fines	252,600	199,785	222,886	23,101
Investments earnings	9,800	22,000	135,322	113,322
Contributions and donations, private sources		-	23,817	23,817
Miscellaneous	71,146	73,564	75,669	2,105
Total revenues	12,381,073	12,997,283	13,381,538	384,255
EXPENDITURES				
Current:				
General government:				
Administration and public information	2,869,333	2,695,099	2,760,427	(65,328)
Municipal court	253,094	245,077	241,432	3,645
Public safety:				
Police	3,921,884	3,844,132	3,780,672	63,460
Fire	2,545,875	2,424,664	2,405,492	19,172
Public works:				
Streets	911,037	847,958	858,486	(10,528)
Planning and development	267,353	252,722	243,865	8,857
Public services and operations	686,652	650,293	503,140	147,153
Library	63,000	71,618	67,380	4,238
Animal control	140,038	143,625	144,432	(807)
Culture and recreation:				
Parks	1,204,345	1,185,124	1,151,393	33,731
Capital outlay	50,293	50,293	-	50,293
Total expenditures	12,912,904	12,410,605	12,156,719	253,886
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(531,831)	586,678	1,224,819	638,141
OTHER FINANCING SOURCES (USES)				
Transfers in	488,431	481,509	576,100	(94,591)
Transfers out	(1,536,461)	(1,584,583)	(1,692,779)	108,196
Proceeds from the sale of capital assets	-	9,205	11,205	(2,000)
Total other financing sources (uses)	(1,048,030)	(1,093,869)	(1,105,474)	11,605
NET CHANGE IN FUND BALANCE	(1,579,861)	(507,191)	119,345	626,536
FUND BALANCE - BEGINNING	5,869,418	5,869,418	5,869,418	-
FUND BALANCE - ENDING	$ 4,289,557	$ 5,362,227	$ 5,988,763	$ 626,536

The accompanying notes are an integral part of these financial statements.

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CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2015

	Business-Type Actives
	Utility Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 7,044,810
Investments	4,274,225
Restricted cash and cash equivalents	3,520,909
Accounts receivable, net	1,920,111
Due from other funds	2,135,504
Total current assets	18,895,559
Noncurrent assets:	
Capital assets not being depreciated	2,295,971
Capital assets (net of accumulated depreciation)	12,720,535
Total noncurrent assets	15,016,506
Total assets	33,912,065
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on bond refunding	53,582
Deferred resource outflow - TMRS	112,088
Total deferred outflows of resources	165,670
LIABILITIES	
Current liabilities:	
Accounts payable	611,779
Accrued liabilities	10,802
Accrued interest payable	24,451
Unearned revenue	39,522
Bonds and notes payable- current	530,000
Compensated absences - current	13,211
Due to other governments	6,442
Customer deposits	319,009
Total current liabilities	1,555,216
Noncurrent liabilities:	
Bonds payable	5,611,008
Compensated absences	39,634
Net pension liability	405,297
Total noncurrent liabilities	6,055,939
Total liabilities	7,611,155
NET POSITION	
Net investment in capital assets	8,875,498
Restricted for user impact fees	2,764,485
Unrestricted	14,826,597
Total net position	$ 26,466,580

The accompanying notes are an integral part of these financial statements.

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CITY OF FORNEY, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Business-Type Activities
	Utility Fund
OPERATING REVENUES	
Charges for services:	
Water sales	$ 12,452,083
Refuse collection	623,898
Impact fees	430,569
Miscellaneous revenue	403,669
Total operating revenues	13,910,219
OPERATING EXPENSES	
Personnel services	1,085,750
Supplies and materials	113,610
Maintenance and repair	470,318
Contracted services	359,807
Water purchases	5,847,176
Interceptor fees	684,894
Refuse collection	491,372
Deprecation	605,557
Total operating expenses	9,658,484
OPERATING INCOME	4,251,735
NON-OPERATING REVENUES (EXPENSES)	
Investment earnings	48,010
Interest expense	(175,836)
Bond issuance costs	(48,892)
Total nonoperating revenues (expenses)	(176,718)
INCOME BEFORE TRANSFERS	4,075,017
TRANSFERS IN	3,899
TRANSFERS OUT	(462,146)
CHANGE IN NET POSITION	3,616,770
TOTAL NET POSITION - BEGINNING	23,146,883
PRIOR PERIOD ADJUSTMENT	(297,073)
TOTAL NET POSITION - ENDING	$ 26,466,580

The accompanying notes are an integral part of these financial statements.

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CITY OF FORNEY, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR END SEPTEMBER 30, 2015

	Business-Type Activities
	Utility Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 10,458,174
Payments to suppliers and service providers	(8,554,435)
Payments to employees for salaries and benefits	(1,547,042)
Net cash provided by (used for) operating activities	356,697
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating tranfers in from other funds	3,899
Operating tranfers out to other funds	(462,146)
Net cash provided by (used for) noncapital financing activities	(458,247)
CASH FLOWS FROM CAPTIAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	110
Payments on long-term debt	(415,404)
Interest paid on capital debt	(232,476)
Net cash provided by (used for) capital and related financing activities	(647,770)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	48,010
Investments	2,316,252
Net cash provided by investing activities	2,364,262
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,614,942
CASH AND CASH EQUIVALENTS - BEGINNING	8,950,777
CASH AND CASH EQUIVALENTS - ENDING	10,565,719
Ronconcilation of operating income (loss) to net caas provided (used for) operating activities:	
Operating income (loss)	4,251,735
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	(605,557)
(Increase) decrease in accounts receivable	(1,329,797)
(Increase) decrease in interfund receivables	(2,135,504)
(Increase) decrease in other assets	(165,670)
Increase (decrease) in accounts payable	190,406
Increase (decrease) in accrued liablilites	3,133
Increase (decrease) in other liablilites	112,611
Increase (decrease) in customer deposits	25,020
Increase (decrease) in unearned revenues	8,869
Increase (decrease) in compensated absences	1,451
Total adjustments	(3,895,038)
Net cash provided by (used for) operating activities	$ 356,697

The accompanying notes are an integral part of these financial statements.

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CITY OF FORNEY, TEXAS

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

SEPTEMBER 30, 2015

	Developers Escrow
ASSETS	
Cash and cash equivalents	$ 1,359,713
Total assets	1,359,713
LIABILITES	
Developer's Escrow	1,359,713
Total liabilities	$ 1,359,713

The accompanying notes are an integral part of these financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Forney ("City") was originally incorporated in 1910 and operates under a home rule charter adopted in an election held November 4, 1997 and a Council/Manager form of government with a City Council comprised of the Mayor and six Council members. Some of the services provided are: public safety (police and fire protection), municipal court, streets, engineering, water distribution, sewer collection, recreation, and general administrative services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board ("GASB"), the American Institute of Certified Public Accounts in the publication entitled State and Local Governments-Audit and Accounting Guide and by the Financial Accounting Standards Board when applicable. The more significant accounting policies of the City are described below:

A. Reporting Entity

The City is a municipal corporation governed by an elected Mayor and six-member council and has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. Therefore, the City is a financial reporting entity as defined by GASB in its Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39 "Determining Whether Certain Organizations are Component Units."

Under GASB 14, component units are organizations for which the City is financially accountable and all other organizations for which the nature and significant of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability exists if the city appoints a voting majority of an organizations' governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the City. The City may be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The financial statements of the component unit may be discretely presented in a separate column from the primary government or blended with the financial statements of primary government. GASB 39 added clarification to GASB 14 by including entities which meet all three of the following requirements.

1. The economic resources received or held by the separate organization are entirely for the direct benefit of the primary government, its component units, or its constituents.

2. The primary government, or its component units, is entitled to, or has the ability to otherwise access a majority of the economic resources received or held by the separate organization.

3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to other access, are significant to the primary government.

The financial statements of the following component units have been "discretely presented" in the accompanying report because (i) their governing boards are not substantially the same as the governing body of the City, or (ii) the component unit provides services entirely or almost entirely to the citizenry and not the City.

Discretely Presented Component Unit

The City has one component unit, Forney Economic Development Corporation ("EDC"). The EDC was incorporated September 15, 1994 and is governed by a seven-member board appointed by and serving at the pleasure of the City Council. Thus, the EDC is legally separate, but due to the City appointing the voting majority of the EDC board, it is classified as a discretely presented component unit. The funding for the EDC occurs by the City transferring ¼ of City sales tax collections to the EDC. Adding the creation of the EDC to the resources currently available will more than double the current ability to assist economic development prospects. All of the EDC funding can be used for direct assistance to business prospects and continued development of infrastructure. The nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the City's financial statements to be misleading or incomplete. Separate financial statements are also issued by the EDC. These financial statements can be obtained by contacting the Forney EDC located at 101 E. Main St., Forney, Texas 75125.

In addition, GASB Statement No. 61 considers an organization that does not meet the financial accountability criteria may be included as a component unit if management's professional judgment determines it to be necessary and misleading if omitted. This evaluation includes consideration of whether a financial benefit or burden exists in the relationship between the entities. Management has not identified any additional organizations that fit this criteria.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property and sales taxes, franchise fees, and interest income).

Separate fund based financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a separate column in the fund financial statements. The nonmajor funds are detailed in the combining section of the statements.

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party (other local governments, individuals, pension participants, etc.) and cannot be used to address activities or obligations of the City, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting related to the timing of the measurement made, regardless of the measurement applied. The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements and fiduciary fund statements. The economic resources measurement focus means all assets and liabilities (whether current or noncurrent) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. In applying the susceptible to accrual concept to intergovernmental revenue, the legal and contractual requirements of the numerous individual programs are used as guidance. Generally, monies must be expended on a specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded. Ad valorem taxes are recognized as revenues in the year for which they are levied. Sales taxes, franchise taxes, hotel occupancy taxes, charges for services and fines are recognized as revenue as earned, when measurable and available. Licenses, permits, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer and municipal golf course are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Funds:

The focus of governmental fund measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the major governmental funds of the City:

The City reports the following major governmental funds:

The ***General Fund*** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvements costs that are not paid through other funds are paid from this fund.

The ***Debt Service Fund*** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The ***Roadway Impact Fund*** accounts for the resources accumulated in the form of roadway impact fees for maintenance and operations of infrastructure and future projects.

The ***Capital Projects Fund*** accounts for the acquisition or construction of infrastructure and building projects being financed from bond proceeds, grants, and transfers from other funds.

Proprietary funds:

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows, which is similar to businesses. The following is a description of the major proprietary funds of the City

The Utility Fund accounts for the operation of the City's water and sanitary sewer utility and trash collection which are self-supporting activities rendering services on a user-charge basis.

Agency funds:

Agency funds account for amounts held on behalf of others by the City as a trustee, or fiduciary. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The activities of these funds are excluded from the City's other financial statements because the City cannot use them to finance its operations. The City is responsible for ensuring that the assets reported as used for their intended purpose. The following is a description of the fiduciary fund of the City.

The Developers Escrow Fund is used to account for assets held by the City in an agency capacity for developers. This fiduciary fund records only assets and liabilities and therefore has no measurement focus.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's governmental and business-type activities. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, it is the City's policy to use the restricted resources first, and then use the unrestricted resources as needed.

D. Assets, Liabilities, and Net Position

1. Cash and Cash Equivalents

Cash of all funds is pooled into a common interest-bearing bank account in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash has equity therein, and interest earned on these monies is allocated based upon relative equity at each month end.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of one year or less from the date of acquisition.

2. Prepaid Items

Prepaid balances are for payments made by the City for which benefits extend beyond the fiscal year, and the reserve for prepaid items has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures. Prepaid items are recorded using the consumption method. The City does not have any prepaid items in the current fiscal year.

3. Interfund Transactions, Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts, and are reported as "due to/from other funds."

4. Property Taxes and Other Receivables

The City's property tax is levied each October 1, on the assessed value listed as of the prior January 1 for all real property located in the City. Assessed value represents the appraisal value less applicable exemptions authorized by the City Council. The Appraisal Board of Review established appraised values at 100% for estimated market value. A tax lien attaches to the property on January 1of each year, to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on that property, whether or not the taxes are imposed in the year the lien attaches.

Taxes are due October 1 immediately following the levy date and are delinquent after the following January 31st. Revenues are recognized as the related ad valorem taxes are collected. Additional delinquent property taxes estimated to be collectible within 60 days following the close of the fiscal year have been recognized as a revenue at the fund level.

In Texas, county-wide central appraisal districts required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its market value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraisal values. The City may challenge appraised values established by the appraisal district through various appeals, and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. However, of the effective tax rate, including tax rates for bonds and other contractual obligations, adjusted for new improvements, exceed the rate of the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

The statutes of the State of Texas do not prescribe a legal debt limit. However, Article XI, Section 5 of the Texas Constitution applicable to cities of more than 5,000 population limits the ad valorem tax rate to $2.50 per $100 assessed value. The City's property tax rate for the current fiscal year is $0.7490 per $100 assessed value.

5. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of the other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the proprietary fund represent cash and cash equivalents and investments set aside for repayment of customer's water/sewer deposits, impact fees, specific capital additions and various bond covenants.

Impact fees are the capital recovery fees that are, by law, restricted to the projects these funds may be used to support.

Customer deposits received for water and wastewater services are, by law, to be considered restricted assets. These activities are included in the Utility Fund.

6. Capital Assets

Capital assets, which include land, buildings, equipment, and improvements, purchased or acquired, are reported in the applicable governmental or business-like activities columns in the government-wide financial statements and proprietary fund financial statements. The City defines capital assets as assets with an initial individual cost of more than $2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical if historical cost is not available. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expenses.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-like activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current year.

Management elected not to retroactively report infrastructure assets within the scope of GASB 34.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Infrastructure	10-40
Buildings	20-50
Building Improvements	10-25
Vehicles	5
Office Equipment	5
Machinery and Equipment	5-10

7. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. All vacation and comp time is accrued at the close of the fiscal year end in the government-wide and proprietary fund financial statements.

8. Long-term Debt

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The City has compared this method to the effective interest method and found the difference between the two methods to be immaterial. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items, which arises only under a full accrual basis of accounting that qualify for reporting in this category. Accordingly, the items deferred loss on bond refunding and deferred resource outflow for TMRS are reported in governmental and business-type activities. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become available.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of a net position that applies to that time. The City only has one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes and notes receivable from TX DOT. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

10. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City Council can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

- Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or City Manager per the City's Fund Balance Policy.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

It is the City's goal to achieve and maintain an unassigned fund balance in the General Fund equal to 5% of yearly expenditures. The City considers a balance of less than 5% to be cause for concern, barring unusual or deliberate circumstances. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance. The City is in compliance with this policy at the end of the current fiscal year.

12. Fund Balance Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

13. Comparative Data/Reclassification

Comparative total data for the current year to budget have been presented in the supplementary section of the financial statements in order to provide an understanding of budgeted to actual results. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

14. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

15. Program Expenses

Certain indirect costs such as administrative costs are included in the program expense reported for individual functional activities.

16. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. DEFICIT EQUITY BALANCES

There were no funds with a deficit equity balance.

3. BUDGETS AND BUDETARY ACCOUNTING

The City's Home Rule Charter provides for the submission of the budget to the City Council by the City Manager. The City's fiscal year runs October 1 through September 30.

The following procedures are followed in establishing the budgetary data:

- No later than August 1st, the City management submits to the City Council a proposed operating budget for the fiscal year commencing October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance.
- Budgets for the General Fund, Debt Service Fund, Roadway Impact Fund and Capital Projects Fund are legally adopted on a basis consistent with generally accepted accounting principles. The majority of the City's Capital Projects Funds are budgeted on an annual basis. For budgeted capital projects not expended during the fiscal year, the City will roll those balances into the following year's budget.
- According to the City Charter, total estimated expenditures of the General Fund are to be budgeted.
- The level of control (the level at which expenditures may not exceed budget) is the fund level. The City Manager and/or Director of Administrative Services are authorized to approve a transfer of budgeted amounts within departments; however, any revisions that alter the total of any fund must be approved by the City Council.

4. CASH AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

Deposits and Investments

A reconciliation of cash and investments as shown on the balance sheet for the City follows:

Investment Type	Fair Value	Weighted Average Maturity (Days)
Cash Deposits	$ 7,339,553	-
Certificates of Deposit	2,380,887	-
TexPool	21,992,309	48
TexStar	4,709,187	51
Municipal Bonds	5,698,967	477
Total portfolio	$ 42,120,903	
Portfolio weighted average maturity (days)		64

The City invests in external investment pools with a credit rating of AAA.

Analysis of Specific Deposit and Investment Risks

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year-end, the City was not significantly exposed to credit risk.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

As of September 30, 2015, the City's deposit balances were fully collateralized by securities held by the financial institution in the City's name or by Federal Deposit Insurance Corporation ("FDIC") insurance.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the City was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year-end, the City was not exposed to foreign currency risk.

5. RECEIVABLES

Receivables as of year-end for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

Governmental Funds

	General	Debt Service	Proprietary	Total
Accounts	$ 542,746	$ -	$ 1,964,699	$ 2,507,445
Taxes	846,405	120,325	-	966,730
Gross Receivables	1,389,151	120,325	1,964,699	3,474,175
Less: Allowance for uncollectibles	(413,699)	(66,179)	(44,588)	(524,466)
Net receivables	$ 975,452	$ 54,146	$ 1,920,111	$ 2,949,709

6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2015, was as follows:

	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 4,611,448	$ -	$ -	$ 4,611,448
Construction in progress	1,476,152	2,178,280	-	3,654,432
Total assets not being depreciated	6,087,600	2,178,280	-	8,265,880
Capital assets, being depreciated:				
Buildings and improvements	17,294,745	-	-	17,294,745
Machinery and equipment	7,681,948	284,268	(90,503)	7,875,713
Infrastructure	39,063,489	-	-	39,063,489
Total capital assets being depreciated	64,040,182	284,268	(90,503)	64,233,947
Less accumulated depreciation:				
Buildings and improvements	(3,192,571)	(440,527)	-	(3,633,098)
Machinery and equipment	(4,054,595)	(644,942)	87,369	(4,612,168)
Infrastructure	(8,225,913)	(1,062,170)	-	(9,288,083)
Total accumulated depreciation	(15,473,079)	(2,147,639)	87,369	(17,533,349)
Total capital assets being depreciated, net	48,567,103	(1,863,371)	(3,134)	46,700,598
Governmental activities capital assets, net	$ 54,654,703	$ 314,909	$(3,134)	$ 54,966,478

	Beginning Balance	Additions	Transfers and Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 703,953	$ -	$ -	$ 703,953
Construction in progress	462,685	1,129,333	-	1,592,018
Total assets not being depreciated	1,166,638	1,129,333	-	2,295,971
Capital assets, being depreciated:				
Sewer plant & infrastructure	5,821,237	-	-	5,821,237
Water plant & infrastructure	14,459,279	-	-	14,459,279
Machinery and equipment	1,361,296	81,671	-	1,442,967
Total capital assets being depreciated	21,641,812	81,671	-	21,723,483
Less accumulated depreciation:				
Sewer plant & infrastructure	(2,222,777)	(136,507)	-	(2,359,284)
Water plant & infrastructure	(5,064,066)	(385,615)	-	(5,449,681)
Machinery and equipment	(1,110,548)	(83,435)	-	(1,193,983)
Total accumulated depreciation	(8,397,391)	(605,557)	-	(9,002,948)
Total capital assets being depreciated, net	13,244,421	(523,886)	-	12,720,535
Business-type activities capital assets, net	$ 14,411,059	$ 605,447	$ -	$ 15,016,506

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 558,386
Public safety	1,159,725
Public works	214,764
Culture and recreation	214,764
Total depreciation expense - governmental activities	$ 2,147,639
Business-type activities:	
Utility	$ 605,557
Total depreciation expense - business-type activities	$ 605,557

7. CONSTRUCTION COMMITMENTS

The City has several active construction projects as of September 30, 2015. The projects include street infrastructure, water/sewer infrastructure improvements, park improvements, and building improvements.

Project	Remaining Commitment
Street improvements	$ 1,501,190
Animal shelter	2,007,573
Parks improvements	220,946
Fire Station #2	3,170,784
Other community projects	261,145
Water/sewer line infrastructure projects	5,033,353
Total	$ 12,194,991

8. LONG-TERM OBLIGATIONS

A summary of long-term debt transactions, including the current portion, for the year ended September 30, 2015, is as follows:

	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds and certificates of obligation	$ 32,413,588	$ 15,320,000	$(12,928,588)	$ 34,805,000	$ 1,995,000
Pass-through toll revenue and limited tax bond	32,895,000	-	(3,215,000)	29,680,000	1,455,000
Plus:					
Issuance premiums	330,106	1,357,198	(185,316)	1,501,988	-
Less:					
Issuance discounts	(409,691)	-	25,264	(384,427)	-
Total bonds payable	65,229,003	16,677,198	(16,303,640)	65,602,561	3,450,000
Notes payable	277,247	-	(43,434)	233,813	44,508
Compensated absences	456,087	320,443	(305,814)	470,716	117,679
TMRS Liability	2,884,885	269,041	-	3,153,926	-
Total governmental long-term liabilities	$ 68,847,222	$ 17,266,682	$(16,652,888)	$ 69,461,016	$ 3,612,187

	Beginning Balance	Increases	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Utility Fund:					
General obligation and certificate of obligation	$ 6,556,412	$ 2,640,000	$(3,096,412)	$ 6,100,000	$ 530,000
Plus:					
Issuance premiums	-	45,109	(4,101)	41,008	-
Total bonds payable	6,556,412	2,685,109	(3,100,513)	6,141,008	530,000
Compensated absences	51,394	34,323	(32,872)	52,845	13,211
TMRS Liability	370,724	34,573	-	405,297	-
Total business-type long-term liabilities	$ 6,978,530	$ 2,754,005	$(3,133,385)	$ 6,599,150	$ 543,211

The liability for compensated absences is liquidated by the General fund with an estimated 86% and the Utility Fund is responsible for the remaining 14%.

Changes in Governmental Long-Term Debt

Description	Interest Rate Payable	Amounts Issued	Amounts Outstanding September 30 2014	Issued	Retired	Amounts Outstanding September 30 2015	Due Within One Year
2005A Cert of Oblig	5.34%	$ 3,550,000	$ 2,313,588	$ -	$(2,313,588)	$ -	$ -
2007 General Oblig	4.75%	26,305,000	21,260,000	-	(10,170,000)	11,090,000	1,280,000
2008 Pass-through	5.00%	39,605,000	32,895,000	-	(3,215,000)	29,680,000	1,455,000
2011 GO	3.00%	2,295,000	2,295,000	-	-	2,295,000	-
2011 CO	3.00%	3,685,000	3,610,000	-	(160,000)	3,450,000	165,000
2012 CO	2.00%	1,030,000	950,000	-	(40,000)	910,000	40,000
2012 GO	1.00%	2,235,000	1,985,000	-	(225,000)	1,760,000	225,000
2014 CO	4.00%	4,945,000	-	4,945,000		4,945,000	100,000
2014 GO	4.00%	2,150,000	-	2,150,000	(20,000)	2,130,000	185,000
2015 GO	4.00%	8,585,000	-	8,585,000	-	8,585,000	-
Total Bonds Payable		94,385,000	65,308,588	15,680,000	(16,143,588)	64,845,000	3,450,000
Note Payable		440,702	277,247	-	(43,434)	233,813	42,386
Total Long Term Obligations		94,825,702	65,585,835	15,680,000	(16,187,022)	65,078,813	3,492,386
Compensated absences		-	456,087	320,443	(305,814)	470,716	117,679
TMRS liability		-	2,884,885	269,041	-	3,153,926	-
Totals		$ 94,825,702	$ 68,470,720	$ 15,949,041	$(16,187,022)	$ 68,232,739	$ 3,492,386

Debt service requirements are as follows:

Year Ending September 30,	Governmental Activities Principal	Interest	Total
2016	$ 3,450,000	$ 3,201,207	$ 6,651,207
2017	3,675,000	3,000,941	6,675,941
2018	3,840,000	2,858,631	6,698,631
2019	3,985,000	2,800,843	6,785,843
2020	4,140,000	2,556,359	6,696,359
2021-2025	22,715,000	8,760,061	31,475,061
2026-2030	16,190,000	3,085,164	19,275,164
2031-2034	6,850,000	575,972	7,425,972
Total	$ 64,845,000	$ 26,839,178	$ 91,684,178

A brief discussion of each bond issuance follows:

$3,550,000 Series 2005A Tax and Waterworks and Sewer Surplus Revenue Certificate of Obligation bonds issued November 1, 2005 for the purpose of acquiring land/existing facilities for Municipal offices and right-of-ways and infrastructure improvements to street and drainage.

$26,305,000 Series 2007 Tax Supported General Obligation bonds issued September 27, 2007 for the purpose of construction of the Justice Center and community park – Phase 1.

$39,605,000 Series 2008 Pass-through toll revenue and limited tax revenue bonds issued July 1, 2008 for the purpose of improvement to certain state highway facilities and roadways.

$2,295,000 Series 2011 General Obligation Refunding bonds issued August 2, 2011 for the purpose of and 2007 GO.
$3,685,000 Series 2011 Certificate of Obligations bonds issued August 2, 2011 for the purpose of improvements to infrastructure for streets and parks and design of new fire station.

$2,235,000 Series 2012 General Obligation bonds issued November 6, 2012 for the purpose of refinancing the 2000B CO portions of the 2003 CO.

$1,030,000 Series 2012 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligations issued November 6, 2012 for the purpose of land acquisition.

$4,945,000 Series 2014 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificate of Obligations issued November 4, 2014 for the purpose of constructing and equipping a new fire station and an animal shelter.

$3,440,000 Series 2014 General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005A Certificates of Obligations.

$8,585,000 Series 2015 General Obligation Refunding Bonds issued June 1, 2015 for the purpose of refinancing portions of the 2007 General Obligation Bonds.

Note Payable

The City incurred a note payable with Government Capital Corporation in the amount of $440,702 for the purchase of a pumper fire truck on April 6, 2009. This note is to be repaid over a period of 10 years with annual payments of $50,293. The Kaufman County Fire District has agreed to reimburse the City 50% of each payment.

Debt service requirements for this note payable are as follows:

Year Ending September 30,	Principal	Interest	Total
2016	$ 44,508	$ 5,784	$ 50,292
2017	45,597	4,696	50,293
2018	46,737	3,555	50,292
2019	48,486	1,807	50,293
2020	48,485	1,807	50,292
Totals	$ 233,813	$ 17,649	$ 251,462

Changes in Business-type Long-term Debt

Description	Interest Rate Payable	Amounts Issued	Amounts Outstanding September 30 2014	Issued	Retired	Amounts Outstanding September 30 2015	Due Within One Year
2005A Cert of Oblig	3.96%	$ 2,135,000	$ 1,391,412	$ -	$(1,391,412)	$ -	$ -
2005B Cert of Oblig	5.34%	2,045,000	1,380,000	-	(1,380,000)	-	-
2011A Gen Oblig	3.00%	1,635,000	1,125,000	-	(175,000)	950,000	185,000
2011 Cert of Oblig	3.00%	2,990,000	2,660,000	-	(115,000)	2,545,000	120,000
2014 Gen Oblig	3.50%	1,290,000	-	1,290,000	(10,000)	1,280,000	110,000
2014A Gen Oblig	3.50%	1,350,000	-	1,350,000	(25,000)	1,325,000	115,000
Total Long Term Obligations		11,445,000	6,556,412	2,640,000	(3,096,412)	6,100,000	530,000
Compensated absences			51,394	34,323	(32,872)	52,845	13,211
TMRS liability			370,724	34,573	-	405,297	-
Totals		$ 11,445,000	$ 6,607,806	$ 2,674,323	$(3,129,284)	$ 6,152,845	$ 543,211

Debt service requirements are as follows:

Year Ending September 30,	Business-type Activities Principal	Interest	Total
2016	$ 530,000	$ 190,717	$ 720,717
2017	540,000	176,734	716,734
2018	550,000	161,632	711,632
2019	570,000	145,920	715,920
2020	590,000	128,976	718,976
2021-2025	2,180,000	413,196	2,593,196
2026-2030	930,000	140,213	1,070,213
2031	210,000	4,331	214,331
Total	$ 6,100,000	$ 1,361,719	$ 7,461,719

A brief discussion of each bond issuance follows:

$2,135,000 Series 2005A Combination Tax and Revenue Certificates of Obligation bonds issued November 1, 2005 for the purpose of water system improvements.
$2,045,000 Series 2005B Combination Tax and Revenue Certificates of Obligation bonds issued November 1, 2005 for the purse of water system improvements.

$1,635,000 Series 2011A General Obligation Refunding bonds issued August 2, 2011 for the purpose of refinancing the 2000A CO and a portion of the 2005A CO.

$2,990,000 Series 2011 Combination Tax and Revenue Certificates of Obligation bonds issued August 2, 2011 for the purpose of infrastructure improvements to the water system.

$3,440,000 Series 2014 General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005A Certificates of Obligations.

$1,350,000 Series 2014A General Obligation Refunding Bonds issued November 1, 2014 for the purpose of refinancing portions of the 2005B Certificates of Obligations.

9. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2015, is as follows:

Due to/from other funds

Due to	Due from General Fund
Capital projects fund	$ 784,855
Utility fund	2,135,504
Total	$ 2,920,359

Interfund Transfers

The primary purpose of interfund transfers is the transfer of funds from one fund to support expenditures of another fund in accordance with the authority established for the individual fund. A summary of interfund transfers by fund type is as follows:

Transfers in	Transfers out				
	General	Debt Service	Utility	Non Major	Total
General	$ -	$ -	$ 571,734	$ 4,366	$ 576,100
Utility	3,899	-	-	-	3,899
Debt service	50,293	-	-	-	50,293
Capital Project	1,582,633	5,036,656	-	-	6,619,289
Total	$ 1,636,825	$ 5,036,656	$ 571,734	$ 4,366	$ 7,249,581

10. DEFINED BENEFIT PENSION POLICIES

Plan Descriptions

The City of Forney participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agency multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Sections 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.tmrs.com*.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in over of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	31
Active employees	124
	171

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contributions rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Forney were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Forney were 12.49% and 13.80% in calendar years 2015 and 2016, respectively. The city's contributions to TMRS for the year ended September 30, 2015, were $986,746, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering the 2009 through 2011, and the dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statue. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2013	$ 14,556,909	$ 11,240,949	$ 3,315,960
Changes for the year:			
Service cost	1,126,842	-	1,126,842
Interest	1,046,739	-	1,046,739
Change of benefit terms	-	-	-
Difference between expected and actual experience	103,186	-	103,186
Changes of assumptions	-	-	-
Contributions - employer	-	847,353	(847,353)
Contributions - employee	-	484,123	(484,123)
Net investment income	-	643,314	(643,314)
Benefit payments, including refunds of employee contributions	(333,832)	(333,832)	-
Administrative expense	-	(6,714)	6,714
Other changes	-	(552)	552
Net changes	1,942,935	1,633,692	309,243
Balance at 12/31/2014	$ 16,499,844	$ 12,874,641	$ 3,625,203

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) of 1-percentage-higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's net pension liability	$ 6,676,654	$ 3,625,203	$ 1,192,515

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. The report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2015 the city recognized pension expense of $950,945.

At September 30, 2015 the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 90,809	$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	114,842	-
Contributions subsequent to the measurement date [to be calculated by the city]	-	-
Total	$ 205,651	$ -

$205,651 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

Year ended Dec 31	
2015	$ 41,087
2016	41,087
2017	41,087
2018	41,089
2019	12,377
Thereafter	28,924

Group-term Life Insurance

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the TMRS known as the Supplemental Death Benefits Fund ("SDBF"). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for $7,500. This coverage is an "other post-employment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2015, 2014, and 2013 were $6,751, $7,270, and $6,40l, respectively, which equaled the required contributions for each year.

Health Care Coverage

During the year ended September 30, 2015, employees of the City were covered by a health insurance plan ("Plan"). The City contributed $462 per month per employee and 24% of the cost for dependent's coverage. Employees under contract received 50% of the cost for dependents. Employees, at their option, authorized payroll withholdings to pay contributions for their dependents. All contributions were paid to Blue Cross Blue Shield. The Plan was authorized by Article 3.51-2, Texas Insurance code, and is documented by contractual agreement.

Insurance Coverage

In accordance with state statue, the City was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Texas Municipal League, a commercial insurer licensed or eligible to do business in Texas, in accordance with the Texas Insurance code. Stop-loss coverage was in effect for individual claims exceeding $125,000 and for aggregate loss. According to the latest actuarial opinion dated October 1, 2013, the unfunded claim benefit obligation included no reported claims that were unpaid and no estimated claims incurred, but not reported.

11. RISK MANAGEMENT

The City of Forney is exposed to various risks of loss related to tort liability, theft of and damage to property and destruction of assets; public officials' errors and omissions; bodily injury and property damage; injury to employees and natural disasters. The City has general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool ("TML"). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium for TML for its above insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category has its own level of reinsurance. The City continued to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

12. LITIGATION

The City is party to one legal proceeding arising in the ordinary course of its operations. It is believed that a favorable outcome to the City is likely.

13. TXDOT RECEIVABLE

The Texas Department of Transportation has entered into a contract with the City of Forney to pay the City an annual amount of no less than $2,009,570 annually beginning in the year 2013 and ending in the year 2031. This payment is to reimburse the City for a portion of the costs associated with the construction of highway improvements to FM 740, FM 741 and US 80/FM 548 Interchange.

The City received a payment from TxDOT in the amount of $3,901,756 during the current fiscal year.

14. ADDITIONAL WATER AND SEWER INFORMATION

The following information is included at the request of the Texas Water Development Board for the year under audit. Water Accountability Report:

Gallons Pumped	1,768,647,270
Gallons Billed	1,479,955,335

The City of Forney secures its water supply and sewer services from the North Texas Municipal Water District ("District"), a district authorized by the Texas Constitution, Article XVI, Section 59; created by the Texas Legislature, Article 8280-141; and authorized to act by the confirming vote of the majority of the qualified voters in each of the cities comprising the District. The District has police, taxation and eminent domain powers and is authorized to issue revenue and/or tax bonds upon approval by the Attorney General of the State of Texas and functions as a political subdivision of the State of Texas independent of the City. The District is governed by a 17-member board ("Board"). The Board has full power and discretion to establish its budget and to set the rates for the services it provides by contract with its member cities and customers. The Board is empowered by statue and contract, or otherwise permitted by laws, to discontinue a facility or service in order to prevent an abuse or to enforce payment of an unpaid charge, fee or rental due to the District. Because of the factors mentioned above, the District is not included in the City's basic financial statements.

The City purchases its water from the North Texas Municipal Water District (NTMWD"). Each year, NTMWD calculates the cost of water based upon the previous year's usage. The City currently pays $2.06 per thousand gallons for water with total cost for this current fiscal year being $3,254,110.

The City entered into a contract for wastewater treatment services with the District. The District has been designated by the Texas Water Quality Board as the regional agency to provide and develop a Regional System for Wastewater Treatment in the general are of the East Fork of the Trinity River, which includes the City of Forney and other cities located in Collin, Dallas, Kaufman and Rockwall Counties, Texas. Relative thereto, the City of Forney and other cities have entered into wastewater system contracts with the District, which provide for the establishment, operation and maintenance of a Regional Wastewater System for the purpose of providing facilities to adequately receive, transport, treat and dispose of wastewater for the cities. In order to provide said service, the contract provides that (a) the District will acquire, design, construct and complete the system, repair, replace and/or extend the system to provide service to the cities; (b) in consideration of payments to be made under the contract, each of the cities shall have the right to discharge all of its wastewater from its sewage system into the District's system, subject to certain quality requirements set forth in the contract; (c) the District will issue its bonds, in amounts and at times determined by the District, to provide for the wastewater treatment facilities; (d) each city agrees to pay its proportionate share of the annual requirement sufficient to pay or provide for the payment of an "Operation and Maintenance Component" and a "Bond Service Component." Each city's proportionate share of the annual requirement shall be a percentage obtained by dividing such city's estimated contributing flow to the system by the total estimated contributing flow to the system by all cities during such fiscal year. No city will exercise oversight responsibility for the District and no city is liable for the District's debt. The City of Forney's payment for the current fiscal period was $1,152,052.

15. PRIOR PERIOD ADJUSTMENT

The GASB has issued Statement No. 68, "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*," which became effective for fiscal year 2015. This statement changes the focus of pension accounting for employers from whether they are responsibly funding their plan over time to a point-in-time liability that is reflected in the employer's financial statements for any actuarially unfunded portion of pension benefits earned to date.

The implementation of Statement No. 68 resulted restatement of beginning net position for the elimination of the previously reported net pension obligation, the recording of the beginning net pension liability and the beginning deferred outflow for contributions made after the measurement date. Prospectively applying these changes results in the adjustments below.

	Government-wide Statement of Activities		Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds	
	Governmental Activities	Business-type Activities	Utility Fund	EDC Fund
Net position at September 30, 2014, as previously reported	$ 36,799,871	$ 23,146,883	$ 23,146,883	$ 1,084,982
Recording of net pension liability as of September 30, 2014	(2,884,885)	(370,724)	(370,724)	(60,350)
Deferral for pension contributions made after the measurement dat	573,131	73,651	73,651	11,989
Net position at September 30, 2014, as restated	$ 34,488,117	$ 22,849,810	$ 22,849,810	$ 1,036,621

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REQUIRED
SUPPLEMENTARY INFORMATION

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CITY OF FORNEY, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND REALTED RATIOS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Plan Year	**2014**
A. Total pension liability	
Service Cost	$ 1,126,842
Interest (on the Total Pension Liability)	1,046,739
Actuarial determined contribution	-
Difference between expected and actual experience	103,186
Contributions in relation to the actuarially determined contribution	-
Benefit payments, including refunds of employee contributions	(333,832)
Net change in total pension liability	1,942,935
Total pension liability - beginning	14,556,909
Total pension liability - ending (a)	16,499,844
B. Plan fiduciary net position	
Contributions - Employer	847,353
Contributions - Employee	484,123
Net Investment Income	643,314
Benefit payments, including refunds of employee contributions	(333,832)
Administrative Expenses	(6,714)
Other	(552)
Net change in plan fiduciary net position	1,633,692
Plan fiduciary net position - beginning	11,240,949
Plan fiduciary net position - ending (b)	12,874,641
C. Net pension liability - ending (a) - (b)	$ 3,625,203
D. Plan fiduciary net position as a percentage of total pension liability	78.03%
E. Covered employee payroll	$ 6,916,048
F. Net position liability as a percentage of covered employee payroll	52.42%

CITY OF FORNEY, TEXAS

SCHUEDLE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Fiscal Year	2014	2015
Actuarial determined contribution	$ 847,216	$ 979,573
Contributions in relation to the actuarially determined contribution	$ 847,216	$ 979,573
Contribution deficiency (excess)	-	-
Covered employee payroll	6,004,927	6,916,048
Contributions as a percentage of covered employee payroll	14.11%	14.16%

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	3.00%
Salary Increases	3.50% to 12.00% including inflation
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis of with BB.

Other Information:

Notes	There were no benefit changes during the year.

COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues that are restricted in nature for a special purpose limited by state law and management intentions for expenditures.

Trust Community Benefit Fund – to account for a one-time donation to the City from a business for the purpose of benefiting the community as a whole.

Hotel/Motel Fund – to account for revenue collected from hotels and motels located within the Forney city limits.

CITY OF FORNEY, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2015

	Special Revenue Funds		
	Trust Community Benefit Fund	Hotel/Motel Fund	Total Non-Major Governmental Funds
ASSETS			
Restricted cash and investments	$ 15	$ 71,670	$ 71,685
Total assets	15	71,670	71,685
FUND BALANCES			
Restricted for:			
Hotel	-	71,670	71,670
Assigned for:			
Trust community benefit	15	-	15
Total fund balances	$ 15	$ 71,670	$ 71,685

CITY OF FORNEY, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Special Revenue Funds		Total
	Trust Community Benefit Fund	Hotel/Motel Fund	Non-Major Governmental Funds
REVENUES			
Taxes:			
Hotel/motel taxes	$ -	$ 99,404	$ 99,404
Miscellaneous revenues	-	1,814	1,814
Total revenues	-	101,218	101,218
EXPENDITURES			
Current:			
General government	-	80,000	80,000
Total expenditures	-	80,000	80,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	21,218	21,218
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(58,000)	(58,000)
Total other financing sources (uses)	-	(58,000)	(58,000)
NET CHANGE IN FUND BALANCE	-	(36,782)	(36,782)
FUND BALANCE - BEGINNING	15	108,452	108,467
FUND BALANCE - ENDING	$ 15	$ 71,670	$ 71,685

CITY OF FORNEY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Property taxes	$ 4,041,301	$ 4,135,500	$ 4,136,140	$ 640
Intergovernmental revenue	4,019,140	3,901,756	3,901,756	-
Investment earnings	1,600	2,400	2,754	354
Total revenues	8,062,041	8,039,656	8,040,650	994
EXPENDITURES				
Debt service:				
Bond principal	2,920,000	5,040,479	5,083,913	(43,434)
Interest - bonds	3,150,038	2,975,181	2,763,979	211,202
Bond issuance cost	-	-	259,160	(259,160)
Advance refunding escrow	-	-	232,406	(232,406)
Total expenditures	6,070,038	8,015,660	8,339,458	(323,798)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,992,003	23,996	(298,808)	324,792
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	-	-	15,680,000	15,680,000
Payments to escrow agents	-	-	(11,757,415)	(11,757,415)
Premium (dicount) on sale of bonds	-	-	1,357,198	1,357,198
Transfers in	-	-	50,293	50,293
Transfers out	-	-	(5,036,656)	(5,036,656)
Total other financing sources (uses)	-	-	293,420	293,420
NET CHANGE IN FUND BALANCE	1,992,003	23,996	(5,388)	618,212
FUND BALANCE - BEGINNING	4,304,860	4,304,860	4,304,860	-
FUND BALANCE - ENDING	$ 6,296,863	$ 4,328,856	$ 4,299,472	$ 618,212

CITY OF FORNEY, TEXAS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

ROADWAY IMPACT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
REVENUES				
Impact fees	$ 225,000	$ 110,000	$ 148,851	$ 38,851
Investment earnings	700	1,100	1,201	101
Total revenues	225,700	111,100	150,052	38,952
EXPENDITURES				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
NET CHANGE IN FUND BALANCE	225,700	111,100	150,052	-
FUND BALANCE - BEGINNING	1,742,291	1,742,291	1,742,291	-
FUND BALANCE - ENDING	$ 1,967,991	$ 1,853,391	$ 1,892,343	$ 38,952

CITY OF FORNEY, TEXAS

BUDGETARY COMPARISON SCHEDULE – CAPITAL PROJECTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual	(Negative)
REVENUES				
Charge for services	$ -	$ 2,367,783	$ 2,489,338	$ 121,555
Investment income	20,000	20,000	15,987	(4,013)
Total revenues	20,000	2,387,783	2,505,325	117,542
EXPENDITURES				
Current:				
Public works	-	25,865	25,865	-
Capital outlays	7,732,770	9,209,720	3,152,480	6,057,240
Total expenditures	7,732,770	9,235,585	3,178,345	6,057,240
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(7,712,770)	(6,847,802)	(673,020)	(5,939,698)
OTHER FINANCING SOURCES (USES)				
Transfer in	8,095,000	6,058,524	6,619,289	560,765
Insurace proceeds	-	-	21,241	21,241
Total other financing sources (uses)	8,095,000	6,058,524	6,640,530	582,006
NET CHANGE IN FUND BALANCE	382,230	(789,278)	5,967,510	(5,357,692)
FUND BALANCE - BEGINNING	3,342,822	3,342,822	3,342,822	-
FUND BALANCE - ENDING	$ 3,725,052	$ 2,553,545	$ 9,310,332	$(5,357,692)

CITY OF FORNEY, TEXAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2015

Developers Escrow Fund	Balance September 30, 2014	Additions	Deductions	Balance September 30, 2015
ASSETS				
Cash and cash equivalents	$ 1,370,782	$ 10,073	$ 21,142	$ 1,359,713
Total assets	1,370,782	10,073	21,142	1,359,713
LIABILITIES				
Developers escrow	1,371,737	10,073	21,142	1,359,713
Total liabilities	$ 1,371,737	$ 10,073	$ 21,142	$ 1,359,713

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STATISTICAL SECTION

CITY OF FORNEY, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNADUITED)

	2006	2007	2008	2009
Governmental activities				
Net investment in capital assets	$ 4,604,073	$ 10,877,616	$ 15,408,839	$ 16,549,770
Restricted	2,631,849	1,517,022	6,723,552	5,872,565
Unrestricted	9,281,655	7,538,970	13,896,300	13,180,725
Total Governmental Activities Net Position	16,517,577	19,933,608	23,028,691	35,603,060
Business-Type Activities				
Net investment in capital assets	4,399,739	10,855,270	10,493,291	11,173,852
Restricted	8,234,325	10,919,009	5,742,068	5,460,312
Unrestricted	4,569,216	1,243,232	(4,337,634)	(551,349)
Total Business-Type Activities Net Position	17,203,280	23,017,511	11,897,725	16,082,815
Primary Government				
Net investment in capital assets	9,003,812	21,732,886	25,902,130	27,723,622
Restricted	10,866,174	12,435,031	12,465,620	11,332,877
Unrestricted	13,850,871	87,822,202	9,558,666	13,629,376
Total Primary Government Net Position	$ 33,720,857	$ 42,951,119	$ 47,926,416	$ 51,685,875

TABLE 1

2010	2011	2012	2013	2014	2015
$ 19,965,326	$ 24,463,665	$ 22,015,335	$ 20,440,755	$ 22,043,453	$ 24,513,186
6,264,465	5,963,513	6,100,904	5,891,886	9,293,408	14,380,773
14,167,079	15,106,924	12,302,473	11,181,620	5,463,010	(1,925,299)
40,396,870	45,534,102	40,418,712	37,514,261	36,799,871	36,968,660
11,643,483	11,484,285	11,195,136	7,523,529	7,854,647	8,875,498
1,492,587	1,366,089	1,885,256	2,567,839	2,567,839	2,764,485
(522,223)	(2,070,285)	6,214,899	11,303,696	12,724,397	14,826,597
12,613,847	10,780,089	19,295,291	21,395,064	23,146,883	26,466,580
31,608,809	35,947,950	33,210,471	27,964,284	29,898,100	33,388,684
7,757,052	7,329,602	7,986,160	8,459,725	11,861,247	17,145,258
13,644,856	13,036,639	18,517,372	22,485,316	18,187,407	12,901,298
$ 53,010,717	$ 56,314,191	$ 59,714,003	$ 58,909,325	$ 59,946,754	$ 63,435,240

CITY OF FORNEY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNADUITED)

	Fiscal Year		
	2006	2007	2008
EXPENSES			
Governmental activities:			
General government	$ 1,534,421	$ 2,076,958	$ 2,236,199
Public safety	2,302,953	2,887,339	3,517,332
Public services	1,238,939	835,968	703,854
Parks and recreation	307,595	366,477	859,361
Public works	539,614	860,236	893,143
Library	25,722	26,322	38,496
Interest and agent fees	136,509	287,629	1,950,246
Total governmental activities expenses	6,085,753	7,340,929	10,198,631
Business-type activities:			
Utility services	4,811,931	5,272,465	6,824,186
Total Business-type activities expenses	4,811,931	5,272,465	6,824,186
Total primary government expenses	10,897,684	12,613,394	17,022,817
PROGRAM REVENUES			
Governmental activities:			
Charge for services:			
General government	126,462	150,780	-
Public safety	72,301	30,019	107,326
Public services	-	135,160	221,972
Parks and recreation	-	3,379	80,820
Public works	1,130,105	1,729,379	732,967
Operating grants and contributions	2,520	-	-
Capital grants and contributions	-	-	314,060
Total governmental activities program revenues	1,331,388	2,048,717	1,457,145
Business-type activities:			
Charge for services:			
Utility services	8,066,759	6,322,479	7,180,616
Operating grants and contributions	-	-	-
Capital grants and contributions	-	-	-
Total business-type activities program revenues	8,066,759	6,322,479	7,180,616
Total primary government program revenues	9,398,147	8,371,196	8,637,761
NET (EXPENSE)/REVENUE			
Governmental activities	(4,754,365)	(5,292,212)	(8,741,486)
Business-type activities	3,254,828	1,050,014	356,430
Total primary government program Net expenses	$(1,499,537)	$(4,242,198)	$(8,385,056)

TABLE 2

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
$ 2,415,383	$ 2,763,652	$ 3,072,981	$ 3,190,509	$ 3,522,911	$ 5,050,743	$ 3,608,223
4,098,652	4,530,227	4,563,278	4,965,163	5,541,583	6,303,710	8,024,153
622,281	631,009	592,412	674,292	805,895	694,924	714,490
854,323	1,175,087	1,509,593	1,648,290	1,816,378	1,699,022	1,365,528
1,160,696	1,719,116	1,464,864	1,375,175	4,934,265	1,655,935	1,342,998
61,785	55,126	56,500	36,318	37,585	-	-
3,497,973	3,291,337	3,234,846	3,349,236	3,427,876	3,105,300	3,157,842
12,711,093	14,165,554	14,494,834	15,238,983	20,086,493	18,509,634	18,213,234
6,929,129	7,072,080	7,649,451	7,619,760	8,441,451	9,208,184	9,883,212
6,929,129	7,072,080	7,649,451	7,619,760	8,441,451	9,208,184	9,883,212
19,640,222	21,237,634	22,144,285	22,858,743	28,527,944	27,717,818	28,096,446
-	-	43,591	81,575	18,791	354,410	282,119
41,613	41,614	119,848	429,399	352,579	589,819	512,794
255,974	189,930	229,016	263,913	290,170	-	-
17,013	14,021	35,403	61,060	41,325	39,684	37,748
608,872	851,437	758,730	928,726	1,930,659	686,221	3,273,590
-	9,189	-	11,736	159,563	340,391	348,145
1,546,155	1,274,893	2,524,726	1,424,420	1,017,157	37,000	33,317
2,469,627	2,381,084	3,711,314	3,200,829	3,810,244	2,047,525	4,487,713
7,508,095	7,934,730	9,177,539	10,239,362	11,625,160	11,525,477	13,506,550
-	-	17,526	-	-	-	-
-	-	-	-	184,276	-	-
7,508,095	7,934,730	9,195,065	10,239,362	11,809,436	11,525,477	13,506,550
9,977,722	10,315,814	12,906,379	13,440,191	15,619,680	13,573,002	17,994,263
(10,241,466)	(11,784,470)	(10,783,520)	(12,038,154)	(16,276,249)	(16,462,109)	(13,725,521)
578,966	862,650	1,545,614	2,619,602	3,367,985	2,317,293	3,623,338
$(9,662,500)	$(10,921,820)	$(9,237,906)	$(9,418,552)	$(12,908,264)	$(14,144,816)	$(10,102,183)

CITY OF FORNEY, TEXAS

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2006	2007	2008
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS			
Governmental activities:			
Taxes:			
Property tax	$ 2,651,460	$ 3,441,996	$ 5,683,918
Sales tax	1,847,087	2,262,647	1,618,607
Non-property tax	12,978	26,152	36,316
Franchise tax	2,197,907	2,396,537	2,941,679
Investment income	268,160	660,274	1,650,472
Miscellaneous	501,735	263,336	143,676
Extraordinary item	-	-	-
Transfers	(255,305)	(2,612,520)	12,662,232
Total governmental activities	7,224,022	6,438,422	24,736,900
Business-type activities:			
Investment income	517,891	799,942	236,011
Miscellaneous	51,341	27,250	24,816
Transfers	255,305	2,612,520	(12,662,232)
Total Business-type activities	824,537	3,439,712	(12,401,405)
Total primary government	8,048,559	9,878,134	12,335,495
CHANGE IN NET POSITION			
Governmental activities	2,469,657	1,146,210	15,995,414
Business-type activities	4,079,365	4,489,726	(12,044,975)
Total primary government	$ 6,549,022	$ 5,635,936	$ 3,950,439

TABLE 2
(continued)

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
$ 6,249,057	$ 6,261,166	$ 6,641,584	$ 6,890,290	$ 7,122,398	$ 7,289,819	$ 7,627,533
2,469,745	2,427,003	2,580,493	2,723,236	3,407,923	3,839,949	4,212,896
53,170	78,492	90,584	91,702	112,614	41,273	38,333
3,502,789	3,329,189	3,341,680	3,598,611	3,638,053	3,717,733	3,653,796
548,250	89,764	55,452	36,117	63,815	51,115	155,264
113,730	51,208	115,801	64,964	68,611	56,497	59,995
-	-	(303,100)	-	(1,444,258)	-	-
-	4,341,458	3,398,260	(6,024,488)	402,642	601,333	458,247
12,936,741	16,578,280	15,920,754	7,380,432	13,371,798	15,597,719	16,206,064
28,088	9,817	7,999	6,261	6,475	31,350	48,010
10,823	23	10,888	456	2,450	4,509	403,669
-	(4,341,458)	(3,398,260)	6,024,488	(402,642)	(601,333)	(458,247)
38,911	(4,331,618)	(3,379,373)	6,031,205	(393,717)	(565,474)	(6,568)
12,975,652	12,246,662	12,541,381	13,411,637	12,978,081	15,032,245	16,199,496
2,695,275	4,793,810	5,137,234	(4,657,722)	(2,904,451)	(864,390)	2,480,543
617,877	(3,468,968)	(1,833,759)	8,650,807	2,974,268	1,751,819	3,616,770
$ 3,313,152	$ 1,324,842	$ 3,303,475	$ 3,993,085	$ 69,817	$ 887,429	$ 6,097,313

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CITY OF FORNEY, TEXAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEAR
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel Tax	Alcoholic Beverage Tax	Total
2006	$ 2,651,460	$ 1,847,087	$ 2,197,907	$ 8,954	$ 4,024 *	$ 6,709,432
2007	3,441,996	2,262,647	2,396,537	17,241	8,911	8,127,332
2008	*** 5,683,918	** 1,618,607	2,941,679	20,675	15,641	10,280,520
2009	6,249,060	2,469,745	3,502,789	36,912	16,258	12,274,764
2010	6,261,166	2,427,003	3,329,189	62,895	15,597	12,095,850
2011	6,641,584	2,580,493	3,341,680	71,041	19,543	12,654,341
2012	6,890,290	2,723,236	3,598,611	76,004	15,698	13,303,839
2013	7,122,398	3,407,923	3,638,053	90,504	22,110	14,280,988
2014	7,270,549	3,839,949	3,717,733	89,802	41,273	14,959,306
2015	7,698,456	4,144,445	3,653,796	99,404	38,333	15,634,434

* First year of tax

** Sales tax revenue decreased due to downfall in economy

*** Property Tax revenue increased due to 25% increase in property value, largely due to continued growth

CITY OF FORNEY, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2006	2007	2008	2009
General Fund				
Nonspendable - prepaid items	$ -	$ -	$ -	$ -
Restricted for:				
Municipal Court	-	-	-	58,543
Committed for:				
Police	-	-	-	-
Capital improvements	3,425,110	26,592,136	-	-
Assigned for:				
Contingency	-	-	-	-
Unassigned	7,600,385	9,669,780	2,331,618	21,808,295
Total General Fund	11,025,495	36,261,916	2,331,618	21,808,295
All Other Governmental Funds				
Restricted for:				
Debt service	2,631,847	1,498,781	3,130,197	1,660,129
Use of impact fees	-	-	3,593,354	3,499,296
Capital projects	-	-	67,330,571	19,129,399
Hotel tax	-	-	151,287	128,472
Municipal court use	-	-	-	-
Committed for:				
Capital improvements	-	-	-	-
Parks	-	-	-	526,125
Assigned for:				
Equipment replacement	-	-	-	-
Special projects - donations	-	-	-	25,344
Community Benefit Fund	-	816,680	1,123,240	507,065
Total all other governmental funds	$ 2,631,847	$ 2,315,471	$ 75,328,649	$ 25,475,830

TABLE 4

Fiscal Year					
2010	2011	2012	2013	2014	2015
$ -	$ 11,479	$ -	$ -	$ -	$ -
74,991	88,888	82,119	86,439	86,439	114,180
-	90,517	65,334	69,930	69,930	50,566
-	-	-	-	-	-
-	-	-	1,893,207	1,893,207	3,133,053
25,803,861	30,428,183	6,515,661	2,961,848	3,819,842	2,690,964
25,878,852	30,619,067	6,663,114	5,011,424	5,869,418	5,988,763
4,104,396	3,463,517	3,763,823	4,067,297	4,304,860	4,299,472
1,932,031	2,067,137	1,972,624	1,481,780	1,742,291	1,892,343
12,516,492	180,213	9,987,634	4,867,416	3,342,822	9,310,332
93,021	99,062	110,783	124,050	108,452	71,670
-	-	-	-	-	-
-	-	-	1,513,856	-	-
-	-	-	-	-	-
-	-	-	183,112	-	-
28,268	18,404	18,404	12,475	-	-
467,065	467,065	295,489	241,565	15	15
$ 19,141,273	$ 6,295,398	$ 16,148,757	$ 12,491,551	$ 9,498,440	$ 15,573,832

CITY OF FORNEY, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2006	2007	2008	2009
REVENUES				
Property taxes	$ 2,651,460	$ 3,441,996	$ 5,683,918	$ 6,270,789
Non-property taxes	12,978	26,152	36,316	53,170
Sales tax	1,847,087	2,262,647	1,618,607	2,469,745
Franchise fees	2,197,907	2,396,537	291,679	3,502,789
Fines and forfeitures	126,462	163,570	221,972	147,829
Licenses and permits	1,035,203	729,334	452,134	380,208
Charge for services	153,157	221,313	217,759	122,078
Grants and contributions	2,520	-	-	-
Donations	2,000	7,854	291,270	1,490,155
Impact fees	1,248,264	934,499	251,220	179,149
Intergovernmental	-	-	-	56,000
Investment income	268,159	660,274	1,650,472	548,251
Miscellaneous	298,336	233,122	47,489	66,771
Total Revenues	9,843,533	11,077,298	13,412,836	15,286,934
EXPENDITURES				
General government	1,442,051	2,096,662	2,136,649	2,293,206
Public safety	2,364,182	2,907,774	3,447,953	3,833,244
Public works	633,984	627,275	896,924	951,821
Public services and operations	1,267,702	873,431	691,741	261,158
Parks and recreation	411,138	399,446	483,667	1,670,406
Library	25,722	26,322	38,496	61,785
Other	61,190	12,632	-	-
Capital outlay	731,575	3,803,551	16,597,235	29,243,256
Debt service				
Principal retirement	339,279	371,163	643,630	757,665
Interest and other charges	196,293	177,042	1,776,491	3,529,644
Bond issuance costs	-	-	-	14,651
Advance refunding escrow	-	-	-	-
Total Expenditures	7,473,116	11,295,298	26,712,786	42,962,185
OTHER FINANCING SOURCES (USES)				
Note proceeds	205,246	112,555	61,663	440,725
Debt issuance	3,550,000	26,305,000	39,605,000	-
Payments on refunding bonds	-	-	-	-
Premiums and discount on debt issue	-	-	(371,321)	-
Capital lease	-	-	205,106	-
Insurance refund	-	22,360	87,534	46,959
Extraordinary item (expense)	-	-	-	-
Transfers in (out)	(295,448)	(2,612,520)	12,662,231	-
Sale of assets	1,000	-	18,781	94,208
Total Other Financing Sources (Uses)	3,460,798	23,827,395	52,268,994	596,543
NET CHANGE IN FUND BALANCES	$ 5,831,215	$ 23,609,395	$ 38,969,044	$(27,078,708)
Debt service as percentage of noncapital expenditures	7.94%	7.32%	23.92%	31.25%

TABLE 5

Fiscal Year					
2010	2011	2012	2013	2014	2015
$ 6,168,880	$ 6,615,716	$ 6,972,379	$ 7,122,398	$ 7,270,549	$ 7,692,263
78,492	90,584	91,702	112,614	131,075	137,737
2,427,003	2,580,493	2,723,236	3,407,923	3,839,949	4,212,896
3,329,189	3,341,680	3,598,611	3,638,053	3,717,733	3,653,796
184,744	223,562	257,528	283,411	213,305	222,886
558,848	481,067	660,020	949,007	608,204	542,322
66,873	220,074	471,224	646,358	483,489	3,075,300
56,519	83,715	11,736	538,959	-	-
1,168,493	2,438,999	1,424,420	23,050	19,000	23,817
286,282	268,157	279,134	839,448	259,848	148,851
59,070	2,012	5,058,678	4,221,085	3,978,938	4,236,168
89,765	55,451	36,114	63,810	51,120	155,264
51,208	115,801	64,964	68,621	71,978	77,483
14,525,366	16,517,311	21,649,746	21,914,737	20,645,188	24,178,783
2,275,456	2,542,869	2,689,720	3,029,497	3,079,170	3,081,859
4,282,228	4,292,715	4,636,736	5,137,340	5,903,836	6,186,164
1,382,171	1,045,731	13,369,157	6,317,481	1,055,368	1,128,216
630,959	578,487	661,557	793,640	647,689	647,572
878,250	939,526	1,030,725	1,126,443	1,106,325	1,151,393
55,126	72,870	36,318	52,585	45,875	67,380
-	-	-	-	-	-
7,498,465	17,800,532	3,533,371	3,160,822	3,856,913	3,152,480
898,843	3,250,764	423,084	4,134,293	4,571,621	5,083,913
3,293,987	3,406,487	3,369,689	3,503,846	3,114,841	2,763,979
-	-	-	-	-	259,160
-	-	-	-	-	232,406
21,195,485	33,929,981	29,750,357	27,255,947	23,381,638	23,754,522
-	-	-	-	-	-
-	8,275,000	-	3,265,000	-	15,680,000
-	(2,192,352)	-	(2,180,000)	-	(11,757,415)
-	(32,987)	-	(11,073)	-	1,357,198
-	153,998	-	-	-	-
-	-	-	-	-	21,241
-	(303,100)	-	(1,444,258)	-	-
4,341,457	3,398,260	(6,024,487)	402,644	601,333	458,247
6,122	8,197	22,504	-	-	11,205
4,347,579	9,307,016	(6,001,983)	32,313	601,333	5,770,476
$(2,322,540)	$(8,105,654)	$(14,102,594)	$(5,308,897)	$(2,135,117)	$ 6,194,737
30.61%	41.27%	14.47%	31.70%	36.88%	36.99%

CITY OF FORNEY, TEXAS

ASSESSED VALUE AND ESITMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended Sept. 30	Real Property			Less:
	Residential Property	Commercial Property	Personal Property	Tax Exempt Real Property
2006	$ 414,263,689	$ 182,030,445	$ 77,717,770	$ 134,990,690
2007	551,016,349	186,565,251	97,369,020	160,723,205
2008	688,300,537	241,817,561	109,687,250	230,894,032
2009	651,755,969	255,772,540	129,750,590	173,531,796
2010	708,422,785	241,500,240	108,449,489	188,571,735
2011	739,537,537	278,042,401	133,436,980	288,073,180
2012	695,346,050	368,823,820	105,161,475	289,928,404
2013	605,710,130	453,875,312	114,444,450	292,390,439
2014	619,543,075	451,956,965	114,619,240	218,602,825
2015	680,940,909	461,666,186	124,851,970	219,280,740

Source: Kaufman County Appraisal District

Note: Property is reassessed annually. Property is assessed actual value;
therefore, the assessed values are equal to the actual value.
Tax rates are per $100 of assessed value.

Residential: include single family, vacant lots, acreage, farm and ranch
Commercial: include real property, industrial and utilities

TABLE 6

Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Total Taxable Assessed Value Inc / (Dec)
$ 539,021,214	$ 0.494800	$ 674,011,904	0.01%
674,227,415	0.494800	834,950,620	20.05%
808,911,316	0.575040	1,039,805,348	16.65%
863,747,303	0.680535	1,037,279,099	6.35%
869,800,779	0.680540	1,058,372,514	0.70%
862,943,738	0.707290	1,151,016,918	-0.79%
879,402,941	0.743098	1,169,331,345	1.87%
881,639,453	0.749020	1,174,026,892	0.25%
967,516,455	0.749020	1,186,119,280	9.74%
1,048,178,325	0.723486	1,267,459,065	9.23%
		10 Yr Avg	6.41%

CITY OF FORNEY, TEXAS

PROPRIETARY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS
(PER $100 OF ASSESSED VALUE)
(UNAUDITED)

	City Direct Rates			Overlapping Rates *	
Fiscal Year Ended Sept. 30	Operating/ General Rate	General Obligation Debt Service	Total Direct	Forney Independent School District	Kaufman County
2006	$ 0.348101	$ 0.146700	$ 0.494801	$ 1.614580	$ 0.472700
2007	0.348101	0.146700	0.494801	1.420000	0.493500
2008	0.318010	0.257030	0.57504	1.460000	0.478500
2009	0.338010	0.342525	0.680535	1.50000	0.488500
2010	0.312380	0.368160	0.68054	1.50000	0.488500
2011	0.323198	0.384092	0.70729	1.50000	0.507700
2012	0.323198	0.419900	0.743098	1.50000	0.499100
2013	0.316925	0.432095	0.74902	1.54000	0.502000
2014	0.316925	0.432095	0.74902	1.54000	0.482500
2015	0.333638	0.389848	0.723486	1.54000	0.502200

Source: Kaufman County Appraisal District

* Overlapping rates are those of local and county governments that apply to property over within the City of Forney.

TABLE 8

CITY OF FORNEY, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

SEPTEMBER 30, 2015
(UNAUDITED)

Taxpayer	Assessed Taxable Value 2015 Fiscal Year	Rank	Percentage of Assessed Taxable Value	Assessed Taxable Value 2006 Fiscal Year	Rank	Percentage of Assessed Taxable Value
Orange County Container Group	$ 58,682,150	1	5.60%			
Oncor Electric Delivery Co	20,644,980	2	1.97%			
Steve Silver Company	17,800,630	3	1.70%			
Wal-Mart	17,021,440	4	1.62%			
Kroger Texas LP	16,131,050	5	1.54%			
South Forney LLC	15,927,100	6	1.52%			
Gateway Holdings	14,583,170	7	1.39%			
Meadow Ridge Farm LP	10,894,310	8	1.04%			
Forney Deerval LLC Etal	7,851,320	9	0.75%			
Sealy SW Properties LP	7,364,651	10	0.70%			
Lowe's Home Center Inc	5,640,840		0.54%			
Forney Senior Living LLC	5,011,620		0.48%			
Steve Silver Company				$ 19,832,130	1	2.45%
Wal-Mart				17,117,700	2	2.12%
Oncor Electric Delivery				15,910,560	3	1.97%
CSI Texas Holdings Inc				14,986,340	4	1.85%
CSI Texas Holdings Inc				10,891,230	6	1.35%
Sealy Mustang Creek LP				10,164,110	7	1.26%
Lowe's Home Center Inc				9,325,650	8	1.15%
Shafer Plaza				9,032,800	9	1.12%
Corrugated Services				8,922,700	10	1.10%
	$ 197,553,261		18.85%	$ 116,183,220		14.37%

Source: Kaufman County Appraisal District

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TABLE 9

CITY OF FORNEY, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year Ended Sept. 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amounts	% of Levy
2006	$ 3,334,410	$ 2,645,797	79.35%	$ 51,527	$ 2,697,324	80.9%
2007	3,336,082	3,270,583	98.04%	22,612	3,293,195	98.7%
2008	4,651,564	4,611,379	99.14%	35,802	4,647,181	99.9%
2009	6,161,777	6,103,851	99.06%	44,172	6,148,023	99.8%
2010	6,234,514	6,168,880	98.95%	16,222	6,185,102	99.2%
2011	6,457,831	6,377,676	98.76%	13,794	6,391,470	99.0%
2012	6,534,626	6,494,045	99.38%	3,155	6,497,200	99.4%
2013	7,453,761	7,022,474	94.21%	29,355	7,051,829	94.6%
2014	7,246,254	7,168,440	98.92%	31,726	7,200,166	99.4%
2015	7,568,618	7,517,753	99.33%	25,288	7,543,041	99.7%

Source: Kaufman County Appraisal District

CITY OF FORNEY, TEXAS

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Governmental Activities					Business-Type Activities
	General Obligation Bonds	Certificates of Obligation	Other Obligations	Pass - Through Bond	Premiums / Discounts	General Obligation Bond
2006	$ -	$ 6,175,110	$ 202,826	$ -	$ -	$ -
2007	-	32,771,464	212,863	-	-	-
2008	26,105,000	6,186,563	259,661	39,605,000	-	-
2009	25,710,000	6,890,439	446,702	39,605,000	-	-
2010	25,160,000	5,591,183	540,427	39,605,000	-	-
2011	25,825,000	8,950,682	599,151	38,405,000	-	1,635,000
2012	25,825,000	8,633,936	492,813	38,405,000	-	1,530,000
2013	27,041,089	7,379,417	319,633	35,487,944	-	1,295,000
2014	25,540,000	6,873,588	277,247	32,895,000	-	1,125,000
2015	25,500,000	9,305,000	233,813	29,680,000	1,117,561	3,555,000

TABLE 10

Business-Type Activities						
Certificates of Obligation	Other Obligations	Revenue Bonds	Premiums / Discounts	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
$ -	$ 670,541	$ 6,729,890	$ -	$ 13,778,367	4.18%	$ 1,096
5,553,536	545,000	380,000	-	39,462,863	11.65%	2,755
5,683,436	601,568	-	-	78,441,228	21.46%	5,603
5,419,561	429,079	-	-	77,500,781	18.67%	5,167
5,133,817	245,507	-	-	76,275,934	18.09%	4,889
6,294,318	64,065	-	-	81,773,216	20.18%	5,430
5,956,064	12,860	-	-	80,855,673	20.11%	5,285
5,732,177	-	-	-	77,255,260	18.07%	4,868
5,431,412	-	-	-	72,142,247	15.51%	2,482
2,545,000	-	-	41,008	71,936,374	14.44%	2,533

TABLE 11

CITY OF FORNEY, TEXAS

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Population[1]	Assessed Value[2]	Gross Bonded Debt[3]	Less Debt Service Funds[4]	Net Bonded Debt	% of Net Bonded Debt of Assessed Value	Net Bonded Debt per Capita
2006	12,570	$ 539,021,214	$ 13,565,000	$ 3,425,110	$ 10,139,890	1.88%	$ 807
2007	12,852	674,227,415	39,249,999	3,755,057	35,494,942	5.26%	2,762
2008	14,000	808,911,316	23,291,563	3,130,197	29,161,366	3.61%	2,083
2009	15,000	863,747,303	31,600,439	1,660,129	29,940,310	3.47%	1,996
2010	14,661	869,800,779	30,751,183	4,104,396	26,646,787	3.06%	1,818
2010	15,060	862,943,738	34,775,682	3,537,983	31,237,699	3.62%	2,074
2012	15,300	879,402,941	34,951,749	3,763,823	31,187,926	3.55%	2,038
2013	15,870	881,639,453	41,447,683	4,067,297	37,380,386	4.24%	2,355
2014	16,000	967,516,455	40,390,865	6,060,375	34,330,490	3.54%	2,145
2015	16,800	1,048,178,325	41,609,999	4,280,057	37,329,942	3.56%	2,222

Source:

[1] City Staff

[2] Kaufman County Appraisal District

[3] Schedule of Bonds Payable and Total Bonds for Fiscal Year (does not include debt to be reimbursed by TxDOT with pass-through usage)

[4] Budgetary Comparison Statement for Debt Service

TABLE 12

CITY OF FORNEY, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2015
(UNAUDITED)

Governmental Subdivision	Gross Bonded Debt	Percentage of Debt Applicable to Area	City Share of Overlapping Debt
Forney Independent School District	$ 281,840,572	38.33%	$ 108,029,491
Kaufman County	42,923,850	15.26%	6,550,180
	324,764,422		114,579,671
			65,075,813
			179,655,484
Ratio of overlapping bonded debt to taxable assessed valuation (valued at 100% of market value)			14.17%
Per capita overlapping bonded debt			$ 10,694

Source: "Texas Municipal Report" as of September 30, 2014, prepared by the Municipal Advisory Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that are borne by the residents and businesses of the City of Forney. This process recognizes that, when considered the City of Forney's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using the taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Forney's boundaries and dividing it by the overlapping government's total taxable assessed value.

CITY OF FORNEY, TEXAS

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEAR
(UNAUDITED)

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of $2.50 per $100 taxable assessed valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of $2.50 per $100 taxable assessed valuation. Administratively, the Attorney General of the State of Texas will permit allocation of $1.50 of the $2.50 maximum tax rate for all general obligation debt services, as calculated at the time of issuance and based on a 90% collection rate.

Allowable levy per $100 Valuation	$1.50
Levy for Debt Service	0.389848
Percentage of allowable levy used	25.98%

TABLE 14

CITY OF FORNEY, TEXAS

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEAR
(UNAUDITED)

Fiscal Year	Water and Sewer Revenue Bonds					
	Total Revenues [a]	Less: Operating Expenses [b]	Net Available Revenue	Annual Requirements Principal	Annual Requirements Interest	Times Coverage
2006	$ 8,066,759	$ 4,192,652	$ 3,874,107	$ 602,729	$ 453,414	3.67
2007	6,322,479	4,811,931	1,510,548	351,354	407,049	1.99
2008	7,205,432	5,280,991	1,924,441	375,110	372,513	2.57
2009	7,518,918	5,919,199	1,599,719	393,866	359,124	2.12
2010	7,934,753	5,966,409	1,968,344	469,315	279,366	2.63
2011	9,205,954	6,094,609	3,111,345	444,499	304,182	4.16
2012	10,239,818	9,828,573	411,245	404,875	281,643	0.60
2013	11,635,783	6,701,530	4,934,253	470,765	265,113	6.71
2014	11,529,986	7,557,899	3,972,087	484,521	251,413	5.40
2015	13,910,219	9,658,484	4,251,735	510,154	236,101	5.70

Note:

[a] Total Revenues does not include non-operating revenues

[b] Operating Expenses only-no transfer or depreciation

TABLE 15

CITY OF FORNEY, TEXAS

DEMOGRAPHIC AND ECONMOIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	Estimated Population [1]	Personal Income [2]	Per Capita Income	Average Age [3]	Grade School Enrollment [4]	Unemployment Rate [5]
2006	12,570	$ 329,572,830	$ 26,219	33.60	5,239	5.00%
2007	12,852	336,812,364	26,207	34.52	6,138	4.50%
2008	14,000	365,554,000	26,111	33.85	6,995	2.14%
2009	15,000	415,125,000	27,675	33.85	7,413	2.20%
2010	14,661	421,635,699	28,759	33.85	7,795	3.85%
2011	15,060	405,204,360	26,906	33.85	8,087	6.50%
2012	15,300	402,145,200	26,284	34.20	8,288	7.50%
2013	15,870	427,506,060	26,938	31.70	8,488	7.70%
2014	16,000	465,120,000	29,070	32.60	8,945	4.80%
2015	16,800	498,110,000	28,405	33.60	8,995	6.90%

Sources:

[1] EDC - Claritas

[2] EDC - Claritas

[3] EDC - Claritas

[4] Forney ISD

[5] Texas Workforce Commission

CITY OF FORNEY, TEXAS

PRINCIPAL EMPLOYERS

SEPTEMBER 30, 2015
(UNAUDITED)

	2015			2006		
Name of Employer	No. of Employees	Rank	Percentage of Total City Employment	No. of Employees	Rank	Percentage of Total City Employment
Forney ISD	1,394	1	16.62%	700	1	8.34%
WalMart	360	2	4.29%	300	2	3.58%
Smurfit Kappa	260	3	3.10%	250	4	2.98%
Steve Silver Company	220	4	2.62%	277	3	3.30%
Kroger MarketPlace	208	5	2.48%			0.00%
Intex Electrical	175	6	2.09%	125	5	1.49%
City of Forney	126	7	1.50%	79	8	0.94%
Lowe's Home Improvement	120	8	1.43%	115	6	1.37%
Ridgecret Healthcare & Rehab	110	9	1.31%			0.00%
Brookshire's	92	10	1.10%			0.00%
Classic Industries	75	11	0.89%	100	7	1.19%
Eric L Davis Engineering	52	12	0.62%			0.00%
Lake Pointe Emergency	46	13	0.55%			0.00%
Texas Lamp	44	14	0.52%	33	10	0.39%
NextEra Engery	40	15	0.48%			0.00%
Three Forks Senior Living	38	16	0.45%			0.00%
Aircraft Ducting Repair Inc	33	17	0.39%	31	11	0.37%
Forney Wellness	29	18	0.35%			0.00%
Family Medical	26	19	0.31%			0.00%
Oncor Electric Delivery	22	20	0.26%			0.00%
Best Western Plus Christopher Inn & S	20	21	0.24%			0.00%
City Bank	19	22	0.23%			0.00%
American National Bank	14	23	0.17%			0.00%
Dal-Bac			0.00%	21	12	0.25%
CWP			0.00%	33	9	0.39%
Totals	3,523			2,064		
Total employment within City	8,389					

Source: Forney Economic Development Corporation and employer records

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CITY OF FORNEY, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS
(UNAUDITED)

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	10.00	10.00	10.00	12.00	12.00	12.00	24.00	24.00	25.00	26.00
Public Safety:										
Municipal Court	2.00	2.00	2.00	2.00	2.50	2.00	2.50	2.50	2.63	2.63
Police	26.00	28.00	31.00	33.00	33.50	33.00	36.00	36.00	39.63	41.63
Fire	9.00	10.50	14.00	14.00	14.00	14.00	17.00	24.00	24.00	24.00
Animal Control	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Public Works	13.50	10.00	12.00	12.00	13.00	12.00	8.00	9.00	8.00	8.00
Parks and Recreation	2.00	3.00	5.00	6.00	8.00	8.00	8.00	8.00	9.00	9.00
Water and Sewer Systems	12.60	15.00	16.00	17.00	16.00	16.00	11.50	12.00	13.00	13.00
Total	77.10	80.50	92.00	98.00	101.00	99.00	109.00	117.50	123.26	126.26

CITY OF FORNEY, TEXAS

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2006	2007	2008	2009
Function/Program				
Public Safety				
Municipal Court				
Number of cases filed	262	242	280	259
Police				
Physical Arrests	529	631	716	746
Traffic Violations	1,813	1,520	2,338	1,602
Fire				
Number of calls answered	1,930	3,194	2,505	2,861
Animal Control				
Number of calls	591	1,576	1,414	1,425
Public Works				
Streets maintained	64	67	67	59
Water and Wastewater				
New connections	309	149	105	87
Annual gallons of water pumped (millions)	1,396	1,192	1,188	1,399
Miles of water mains maintained	85	90	98	80

TABLE 18

Fiscal Year					
2010	2011	2012	2013	2014	2015
180	123	157	211	328	625
645	574	645	764	807	635
1,485	2,175	1,973	1,681	2,346	2,129
3,180	3,428	3,410	3,464	3,441	3,261
1,457	939	531	512	1,856	1,584
59	150	150	150	150	150
128	135	64	212	151	113
1,485	1,862	1,450	1,369	1,370	1,558
101	103	105	105	105	108

CITY OF FORNEY, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2006	2007	2008	2009
Function/Program				
Public Safety				
Police				
Stations	2	2	2	2
Patrol units	15	17	19	21
Fire				
Stations	2	2	2	2
Public Works				
Streets (miles)	62	64	67	59
Parks and Recreation				
Parks (acreage)	55	55	167	225
Number of playgrounds	8	8	4	6
Water and Wastewater				
Water main (miles)	85	85	90	102
Sewer mains (miles)	62	62	62	80
Storm drainage (miles)	19	19	19	19

Source: City departments

TABLE 19

Fiscal Year					
2010	2011	2012	2013	2014	2015
1	1	1	1	1	1
22	24	24	23	24	24
1	1	1	1	1	1
58	150	150	150	150	150
225	225	258	258	258	258
6	6	6	6	6	6
101	101	105	105	105	105
79	79	75	75	75	75
19	19	19	19	19	19

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INTERNAL CONTROL AND COMPLIANCE SECTION

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PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the City Council
City of Forney, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Forney, Texas (the "City"), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 26, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
February 26, 2016